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Homeownership:
COPING WITH INFLATION

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Summary of Findings and Conclusions

The 1979 housing market is the story of inflation's harmful impact on the American economy. Inflation reached a peacetime record level of 13.3% last year. As the U.S. League's most recent Home Buyer Survey clearly shows, the impact of inflation on housing prices, on mortgage interest rates and on the flow of mortgage credit was particularly traumatic. The primary findings and conclusions of this survey are as follows.

The rate of inflation in the cost of homeownership reached 17.3% a year over the past two years. Contributing to higher costs…

- *Median home prices increased 14.8% a year over the past two years, from $44,000 in 1977 to $58,000 in 1979.*
- *Mortgage interest rates, driven up by inflation's effect on money markets, rose by more than 200 basis points between mid-1977 and mid-1979.*
- *Median monthly housing costs, including the mortgage payment, taxes, utilities and hazard insurance, increased from $400 to $550, an annual rate of 17.3%.*

Not all home buyers were equally affected by inflation, however. Its heavy hand fell hardest on the first-time home buyer. That is, inflation significantly reduced the percentage of first-time home buyers in 1979 housing markets, although it did not greatly affect the ability of repurchasers to buy homes…

- *From 1977 to 1979, the percentage of first-time home buyers fell from 36% to 18% of all buyers.*
- *In large cities, the percentage of first-time buyers fell from 39.1% in 1977 to 18.5% in 1979.*
- *The typical repurchasers applied only two-thirds of the equity realized from the sale of a previous residence to their new purchase.*

Despite inflation, home buyers in the private housing market have found ways to help themselves adapt to today's higher prices.

Condominium purchases are becoming a significant factor in our nation's housing markets, providing a moderately priced alternative for some home purchasers…

- *11% of all buyers purchased condominium units in 1979.*
- *Home buyers in high-cost markets were more likely to purchase condominiums: 16.5% of western home buyers and 14.7% of large-city home buyers purchased condominium units.*
- *40% of large-city condominiums purchased were priced under $50,000, compared to 24% of other single-family homes purchased.*

Two-earner households are increasingly the rule rather than the exception among home buyers…

- *In 1979, 54% of home buying households with two adults relied on a second income for at least 10% of total income, compared to 47% in 1977.*
- *In 1979, 65.5% of all first-time home buying households having two adults relied on a second income for 10% or more of total income, up from 59.5% in 1977.*

Home buyers are spending an increasing portion of their budgets on housing expenses…

- *Almost 46% of all home buyers spent more than one-quarter of their income on housing expenses in 1979, compared to 38% in 1977.*
- *In 1979, 54% of home buyers in the West and 50% of home buyers in large cities spent more than one-quarter of their income on housing expenses.*

Home buyers are paying a smaller percentage of the purchase price as a downpayment…

- *43% of all home buyers made downpayments of less than 20% in 1979, in contrast to 32% in 1977.*
- *62% of all first-time home buyers made downpayments of less than 20% in 1979, up significantly from 47% in 1977.*

The localized character of our nation's housing markets was again emphasized by the 1979 survey. Home buyers in large cities and the West continued to face particularly difficult environments.

Home prices and housing costs in large cities stood out in 1979…

- *A median price of $67,000 was paid by home buyers in large cities, compared to $54,000 in medium-size cities and $48,779 in smaller cities.*
- *Prices for homes in large cities increased at a faster annual pace (16.3%) than did prices in medium-size (12.2%) and small (14.8%) cities.*
- *Median monthly housing costs were highest in large cities ($617), and grew at a faster annual rate (18.1%) than did housing costs in other size cities.*

Home prices and housing costs in the West were higher than in other regions…

- *The median price paid by home buyers in the West in 1979 was $73,000, while ranging between $52,000 and $55,000 in other regions.*
- *Prices for homes in the West continued to increase at a faster pace than prices in other regions. Prices for homes in the West increased at an annual rate of 17.4% between 1977 and 1979, contrasting with an annual rate of growth of 14.8% nationally.*
- *Median monthly housing costs in the West for 1979 were $676, while ranging between $506 and $521 in other regions.*

The survey's findings suggest the following implications for national housing policy…

- *General inflationary pressures must be brought under control. It is imperative that a balanced set of fiscal and monetary policies be used to fight inflation. Anti-inflationary policies which rely solely on high interest rates are ineffective and unfairly thrust most of the burden of the battle against inflation onto the housing market.*
- *Our national housing goals are far from being fulfilled. The 1980s promise to bring a record number of first-time home buyers into the market. Special attention must be devoted to helping them gain access to the benefits of homeownership.*
    - *Emphasizing alternative mortgage instruments such as the graduated payment mortgage will help first-time buyers afford the purchase of a home.*
    - *Maintaining a consistent supply of mortgage credit is imperative, for when it shrinks, first-time buyers get squeezed out first.*
    - *Creating a special tax-free savings account is a vital factor in helping first-time buyers accumulate funds for their downpayment.*
- *Specialized mortgage lenders will prove crucial in the implementation of strategies designed to help the housing market and especially first-time buyers. Financial institution legislation must recognize and preserve the vital economic function served by specialized mortgage lenders.*
- *The nation must increase its efforts to preserve and rehabilitate the existing housing stock.*
- *We must remove unnecessary government regulations which add to the cost of building new homes and rehabilitating older ones.*
- *We must recognize the significance of condominiums in providing home buyers with moderate-cost alternatives in expensive housing markets. At the same time, due consideration must be given to renters who may be displaced by the conversion of existing units to condominium ownership or who wish to retain their units as homeowners.*
- *The nation must encourage saving through a system of tax incentives, both to allow first-time buyers to accumulate a downpayment and to increase the supply of mortgage funds available to all buyers from specialized mortgage lenders. Expanded tax incentives must be enacted as soon as possible.*

About the 1979 Home Buyer Survey

In 1977 the United States League of Savings Associations undertook a massive survey of our nation's home buyers. This survey resulted in two major publications. The first, entitled **Homeownership: Realizing the American Dream** and released in the spring of 1978, provided a factual description of who was getting into the housing market. Later that year, a second publication, entitled **Homeownership: Affording the Single-family Home**, provided quantitative answers to the question of how Americans were affording single-family homes.

Both these publications used as their primary data source information from a nationwide sample of conventional single-family mortgage loans originated by savings and loan associations across the country.

The survey was refined and expanded in 1979. This publication is the result. It provides a factual report of the nature of the 1979 housing market and chronicles how home buyers have been coping with unprecedented inflation. Rather than separate the questions of who and how, we have incorporated the answers to both in this one volume.

Furthermore, this new publication shows the additional dimension of change over time. Many significant shifts in the characteristics of both home buyers and the homes they purchased are apparent between 1977 and 1979—periods miles apart in terms of economic conditions.

Our nation's housing markets are as dynamic as the economic cycle. The first studies, based on 1977 data, reflected a period of time when inflation averaged 8%, mortgage rates averaged 8.75% and mortgage credit was readily available. The present study, based on 1979 data, reflects an economy torn by 13% inflation, with double-digit mortgage interest rates and mortgage credit which was less readily available. In the year since the survey, inflation has continued to rage. Thus, inflationary factors increased their impact on the home buyer in 1980 and, unfortunately, may continue to pressure home buyers throughout much of the decade of the '80s.

This study, therefore, should prove an invaluable aid to understanding the impact of inflation on home buyers and should be used as a tool in formulating policies which will help people realize the goal of homeownership.

This volume begins with an introduction which explains how inflation has affected home buyers and how home buyers have been coping with this inflation. Then, the first four chapters focus on demographic and economic profiles of home buyers, the home prices and total housing costs they faced, and the ways in which they were able to afford their home purchases in 1979.

Chapter One focuses on all home buyers nationwide, while Chapter Two specifically highlights first-time and repeat home buyers. Chapters Three and Four concentrate on the local character of our nation's housing markets, describing and analyzing variations by geographical region and city size. Each chapter also analyzes changes occurring between 1977 and 1979.

Chapter Five discusses the policy implications which can be drawn from the survey data presented in the first four chapters. It outlines the steps that must be taken to keep the nation's housing markets healthy, particularly in an inflationary economy.

At the end of each of the first four chapters, the reader will find detailed tables supplementing the statistical overview presented in that chapter. At the end of this volume are profiles of selected groups of home buyers and home buyers in 20 selected metropolitan areas. These data facilitate comparison of the characteristics of home buyers in the various cities, as well as those of home buyers in cities of similar size and in the same region. Comparable 1977 data also are presented in each profile.

The information contained in this study is based upon data taken from more than 14,000 conventional mortgage loans on single-family homes made in the second quarter of 1979; these loans were randomly selected from 350 savings associations across the nation. To prevent any bias from oversampling or undersampling in a particular region or city size group, the national sample was weighted according to the conventional mortgage lending activity in each region and each city size group.

The city size categories used throughout this report refer to metropolitan areas (Standard Metropolitan Statistical Areas are used wherever they have been defined by the National Bureau of Standards) and are as follows:

Large: *population of 1.5 million or more*

Medium-size: *population between 250,000 and 1.5 million*

Small: *population of less than 250,000*

The four regions used throughout the report are:

Northeast: *Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Pennsylvania, Rhode Island, Vermont*

North Central: *Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin*

South: *Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia, West Virginia*

West: *Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming*

Every effort has been made to ensure accuracy, completeness and timeliness. Consequently, **Homeownership: Coping with Inflation** represents a single source of primary information and analysis about the state of the conventional home market in America.

The Economics Department of the U.S. League of Savings Associations would like to thank the more than 350 member savings and loan associations whose participation made this study possible.

Introduction

The story of the 1979 housing market is simply inflation. Inflation was evident in soaring home prices. Inflation pushed monthly homeownership expenses to record levels. Inflation created instability in the flow and availability of mortgage funds.

Alarmingly, the problems posed by inflation have followed the home buyer into the 1980s and are requiring increasing levels of sacrifice from home buyers, as well as challenging the ability of the private housing market to accommodate an ever increasing desire for homeownership.

Inflation Crunches the Housing Market

Inflation has a particularly damaging impact on the housing market, mounting a dual attack on home buying activity. In an inflationary environment, not only are housing costs pushed upward, but also household savings flows, the primary source of mortgage credit, are reduced. What emerges is a situation in which the buyer must face higher home prices, downpayments and monthly housing expenses, while at the same time experiencing a restricted flow of mortgage credit. Inflation thereby produces a particularly distressing environment for first-time home buyers; there can be no doubt that this must be an overriding concern for housing policy makers in the 1980s.

Inflation has been reflected in the housing market through rapidly increasing home prices and monthly housing costs. The U.S. League Home Buyer Survey shows this quite clearly. The median price paid by home buyers in 1977 was $44,000; by 1979, the median had soared to $58,000. This represents an increase of 31.8% in prices paid for homes over that two-year period alone.

These increasing home prices have made it necessary for home buyers to make larger downpayments, a particularly difficult problem for first-time buyers. Unlike repeat home buyers, first-time purchasers have not accumulated equity from previous homeownership to help meet today's higher downpayments. Moreover, today's higher priced homes forced home buyers to borrow larger dollar amounts to finance their purchase, thereby pushing up monthly mortgage payments. The combined impact of higher mortgage payments and rising utility, tax and insurance expenses forced up median monthly housing payments 37.5% between 1977 and 1979.

Home Buyers Cope with Inflation

Despite inflation, single-family housing construction and sales were near all-time highs in 1979; homes were bought in near-record numbers. This is an important point to keep in mind. Homes were purchased by a cross-section of American households from all income groups. Many home buyers obviously were finding ways to cope with inflation.

Home buyers appeared increasingly willing to make sacrifices in an effort to achieve and maintain homeownership. Households relied heavily on income from second earners and allocated a larger proportion of their budget to housing expenses. Income from a second earner contributed more than 10% of total income in 53.9% of all home buying households with two adults in 1979. Almost 46% of all home buyers spent more than one-quarter of their household income on housing expenses.

Savings and loan associations were also doing their best to help home buyers through the inflationary squeeze by making more low downpayment loans. Almost 43% of all home buyers in 1979 purchased a home by making a downpayment of less than 20%, compared to only 32% in 1977.

Condominiums Provide Moderately Priced Alternative

Another development shown by the latest Home Buyer Survey is the strong emergence of condominium buying. This trend has a great potential for easing problems of homeownership affordability throughout the 1980s. Condominiums are growing in importance as a moderately priced housing alternative. This is especially true in the higher priced housing markets generally found in large metropolitan areas and the West.

Nationally, 11% of all home buyers in 1979 purchased condominium units. The percentage of condominium purchases was greatest in the West (16.5%) and the Northeast (13.7%). Condominiums were also important in large cities, amounting to 14.7% of all purchases.

In many areas, land prices and population densities have combined to make condominium development economically feasible. Condos appear to be providing a supply of moderately priced housing in areas where it is needed.

In large cities, 35.3% of all condominium purchasers selected a unit priced between $30,000 and $50,000, while only 17.9% of the purchasers of other single-family homes found units in that price range. A similar situation prevailed in the West, where 28.1% of condominium purchases were in the $30,000 to $50,000 category and only 13.8% of other single-family houses were in the same price range.

Homeownership: Coping with Inflation records the unmistakable impact which inflation had on the home buyer in 1979 and continues to have in 1980. It focuses attention on the problems of first-time buyers, whose ability to enter the housing market is clearly threatened by rampant inflation. It highlights the ways in which home buyers have coped with inflation and the ways in which mortgage lenders have sought to accommodate the desire for homeownership. Finally, this volume suggests policies which will strengthen the tradition of homeownership in America and preserve a dream which remains a cornerstone of the American way of life.

Home Buyers Nationwide

Nationwide Highlights

Inflation in 1979 put the squeeze on first-time buyers; the housing market was dominated by repurchasers ...

- *More than 82% of all home buyers were repurchasers in 1979, compared to 64% in 1977.*

Singles represented a larger percentage of home buyers, with small households dominating the housing market ...

- *22% of all home buyers in 1979 were single, compared to 17% in 1977.*
- *52% of all 1979 home buying households had only one or two members, up from 46% in 1977.*

The household income of home buyers is rising at an annual rate of nearly 11.5%, about the same as that of the general population in the same age group ...

- *The median income of all home buyers in 1979 was $28,110, up from $22,700 in 1977.*

The two-earner household became the rule rather than the exception ...

- *In households with two adults, a second income amounted to 10% or more of total income in 54% of all home buying households in 1979, compared to 47% in 1977.*

Repurchasers are using equity to gain leverage, flexibility ...

- *The typical repurchasers in 1979 realized nearly $31,000 from the sale of their previous home.*
- *However, the typical 1979 repurchasers reinvested only two-thirds of this sum in their new home; in fact, 39% of all repurchasers in 1979 made a downpayment of less than 20%, a jump from 24% in 1977.*

All home buyers are stretching their budgets to accommodate increased housing costs ...

- *Almost 46% of all home buyers spent more than one-fourth of their income on housing expenses in 1979, compared to 38% in 1977.*

HOME BUYERS NATIONWIDE, 1979 AND 1977

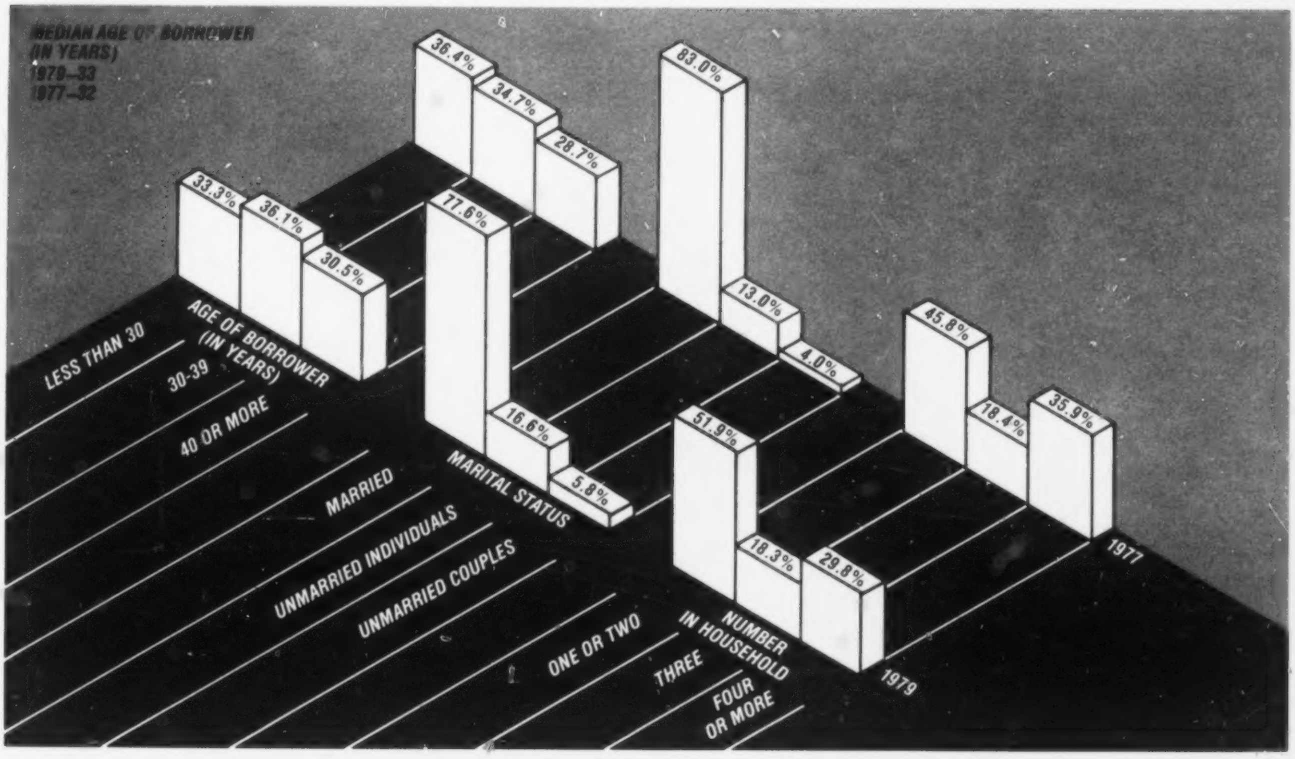
Statistical Profile at a Glance

	1979	1977
Who They Were		
A Demographic Profile		
Median age	33 yrs.	32 yrs.
Unmarried	22.4%	17.0%
One- and two-person households	51.9%	45.8%
An Economic Profile		
Median household income	$28,110	$22,700
*Importance of second income**	53.9%	47.2%
Median household net worth	$52,277	$31,800
First-time Buyers	17.8%	36.3%
What They Purchased...		
Condominiums	11.0%	NA
New homes	30.8%	25.4%
Homes 25 or more years old	27.5%	23.7%
...and Its Cost		
Median purchase price	$58,000	$44,000
Median downpayment	$12,282	$ 9,000
Median total monthly housing expense	$550	$400
Mortgage payment	$401	$273
Real estate taxes	$ 58	$ 54
Utilities	$ 75	$ 60
Hazard insurance	$ 16	$ 13
How They Afforded Their Purchase		
Less than 20% downpayment	42.9%	32.1%
Housing expense exceeding 25% of household income	45.7%	38.1%

**Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.*

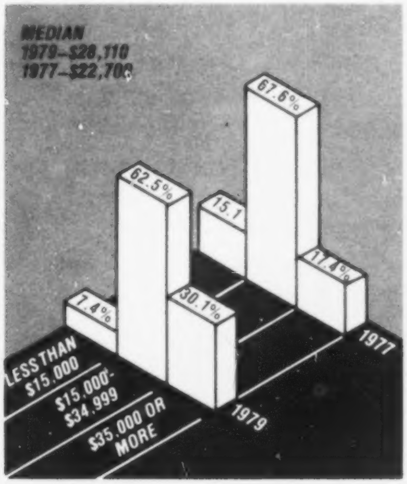
Source: U.S. League of Savings Associations.

EXHIBIT 1.1: *Home buyer demographics nationwide*



Note: For more detailed data, see Supplementary Tables 1.1 and 1.2. *Source: U.S. League of Savings Associations.*

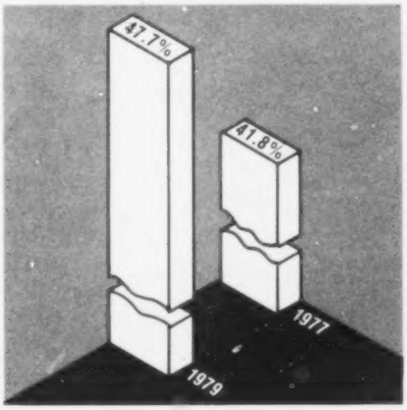
EXHIBIT 1.2: *Annual household income of home buyers nationwide*



Note: For more detailed data, see Supplementary Table 1.3.

Source: U.S. League of Savings Associations.

EXHIBIT 1.3: *Importance of second income to home buyers nationwide**

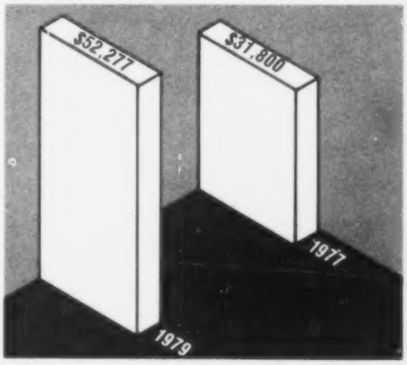


**Percentage of households with two adults in which income contributed by a second earner accounted for 20% or more of total household income.*

Note: For more detailed data, see Supplementary Table 1.4.

Source: U.S. League of Savings Associations.

EXHIBIT 1.4: *Median net worth of home buying households nationwide*



Note: For more detailed data, see Supplementary Table 1.5.

Source: U.S. League of Savings Associations.

CHAPTER ONE

Home Buyers Nationwide

There is no doubt that the inflation which strengthened its hold on the U.S. economy in 1979 had a considerable impact on American home buyers. This is reflected by the characteristics of 1979 purchasers. For the most part, home buyers in 1979 needed higher incomes and more liberal financing terms to be able to afford the higher housing costs that were the order of the day.

These pressures were felt more severely by first-time buyers, whose presence in the housing marketplace declined in 1979. Repurchasers, as a group, were not similarly constrained, since they continued to tap equity from their previous home.

This profile of 1979 home buyers gives a clear indication of the impact of inflation, as it analyzes who they were, what they purchased, the home's cost and how they afforded their purchase.

Who They Were

A Demographic Profile

The median age of home buyers increased slightly between 1977 and 1979, from 32 to 33 years of age. This can be attributed to the higher proportion of repurchasers in the 1979 housing market. Exhibit 1.1 shows that in 1979, one-third of all home buyers were under the age of 30, while in 1977, 36.4% of all home buyers were under 30. It is interesting to note that in both 1977 and 1979, approximately 70% of all home buyers were under the age of 40.

The survey found that a growing percentage of our nation's home buyers were unmarried—a statistic which is consistent with socioeconomic trends in our country. In 1979, 22.4% of all home buyers were single, up sharply from 17% in 1977 (Exhibit 1.1). The growing number of singles in the overall population, resulting from the delaying of marriages and higher divorce rates, are increasingly opting for homeownership. Not only are unmarried individuals buying homes but so are unmarried couples. Single couples as a percentage of all home buyers increased from 4% in 1977 to 5.8% in 1979.

The Bureau of the Census has been recording the shrinking of the average size of the American household for the past two decades. This phenomenon is also being reflected in the demographic characteristics of home buyers. In 1979, 52% of home buying households were composed of only one or two people, compared to 46% in 1977 (Exhibit 1.1). While households with four or more members constituted 36% of all home buyers in 1977, they made up just under 30% of the total in 1979.

An Economic Profile

The income of the typical home buying household increased approximately 11.3% per year from 1977 to 1979—the median household income of home buyers stood at $22,700 in 1977 and at $28,110 in 1979. Nevertheless, as Exhibit 1.2 shows, most home buyers in both 1977 and 1979 had moderate household incomes; 62.5% were between $15,000 and $35,000 in 1979, compared to 67.6% in 1977.

While it's true that the income of home buyers is rising faster than the income of the general population, it should be remembered that most home buyers are in the age group (25 to 45) for which incomes are likely to be rising faster than for the population as a whole. Households with heads aged less than 18 years or more than 65 years rely more heavily on part-time earnings and retirement incomes, both of which tend to grow more slowly than the wage and salary incomes of households in the primary home buying age group.

According to the most recent Department of Commerce statistics, the median income of all households in the population with heads between 25 and 45 years of age grew at an average annual rate of 11.6% between 1976 and 1978, about equal to the income growth of home buying households.

Second incomes also contributed to the greater total household income of 1979 buyers. This fact is noted in Exhibit 1.3. For nearly half of all households with more than one adult, a second income contributed 20% or more of total income, a significant increase over 1977, when 42% of such households had second incomes amounting to 20% or more of total income. This, along with other economic data, clearly indicates that more buyers were able to afford their purchase because of two incomes.

Exhibit 1.4 shows that the net worth of the typical home buyer households increased from $31,800 in 1977 to $52,277 in 1979. Net worth is a measure of the total assets of a household less its liabilities. Much of the 1977-79 increase reflects the fact that more home buyers in 1979 were repurchasers with a large amount of accumulated home equity.

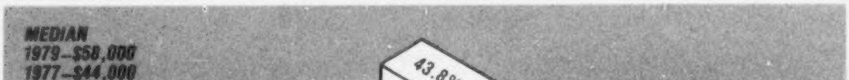
What They Purchased and Its Cost

The median price of the home purchased by the 1979 home buyer was $58,000, up 32% from the 1977 median purchase price of $44,000, as shown in Exhibit 1.5. The percentage of homes purchased for less than $50,000 shrank considerably, from 62% in 1977 to 38% in 1979.

At the other end of the spectrum, the percentage of homes purchased at a price greater than $70,000 more than doubled, from 15% in 1977 to 33% in 1979. Price increases of this magnitude contributed significantly to the higher costs of homeownership.

The higher home prices in 1979 are partly a result of the fact that 1979 home buyers purchased more new homes than did buyers in 1977. Exhibit 1.6 shows that almost 31% of '79 home buyers purchased a new home, compared to 25% of 1977 home buyers. Since more 1979 buyers were repurchasers, this statistic is consistent with previous surveys, which indicate that repurchasers are more likely than first-time buyers to be making a new home purchase. However, the increase in new home purchases may also be explained partly by the greater number of condominiums bought in 1979. A high proportion (42%) of these condominium purchases were new units.

EXHIBIT 1.5: *Price of homes purchased nationwide*

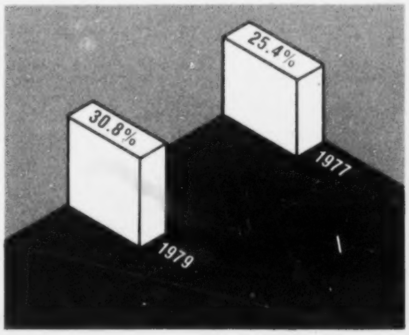


Source: U.S. League of Savings Associations.

In general, the most disconcerting statistic in this report is the 37.5% increase in median monthly housing costs that occurred between 1977 and 1979. As seen in Exhibit 1.7, the typical home buyer's total monthly housing expense was $550 in 1979 versus $400 in 1977. The 1979 components of this expense were $401 for the mortgage payment, $58 for taxes, $75 for utilities and $16 for hazard insurance.

Eighty-five percent of the increase in housing expenses between 1977 and 1979 was due to the increased mortgage payment which, in turn, is explained by the escalation of both home prices and interest rates during this period. Typical utility ex-

EXHIBIT 1.6: *New homes as a percentage of all homes purchased nationwide*



Note: For more detailed data, see Supplementary Table 1.6.

Source: U.S. League of Savings Associations.

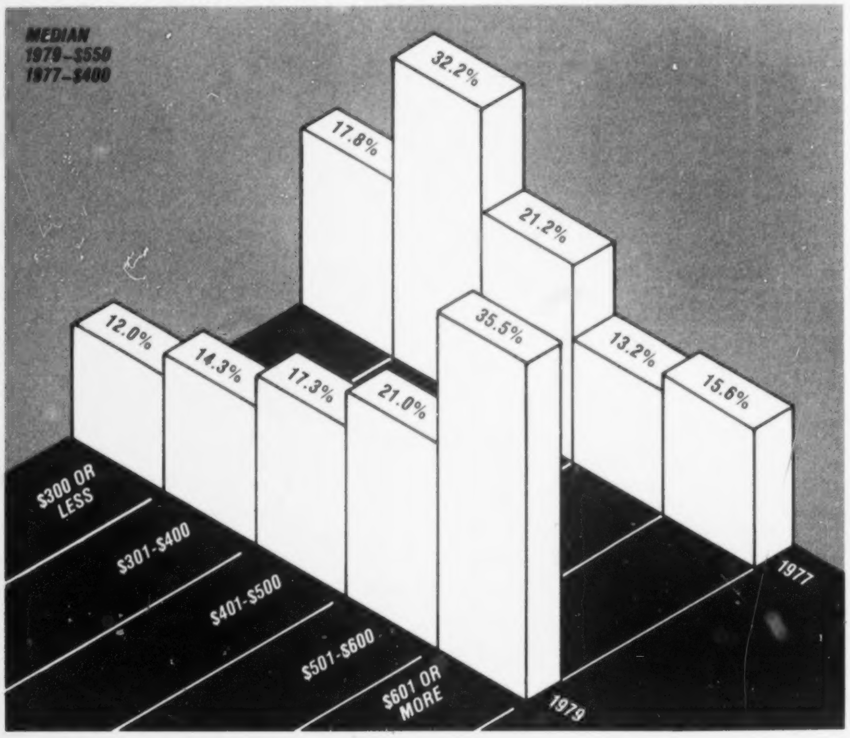
penses, as reported by home buyers on their mortgage applications, also registered a sharp increase between 1977 and 1979, growing from $60 to $75 per month. However, the 25% increase in utility expense contributed only 10% of the total increase in housing expense confronting the 1979 home buyer.

How They Afforded Their Purchase

The increased cost of homes made it necessary for home buyers to borrow a larger percentage of the purchase price in 1979 than in 1977. Exhibit 1.8 shows that 43% of all home buyers paid less than 20% down on their purchase. The percentage of mortgages on which the downpayment was between 10% and 20% increased substantially, from 14% in 1977 to 26% in 1979.

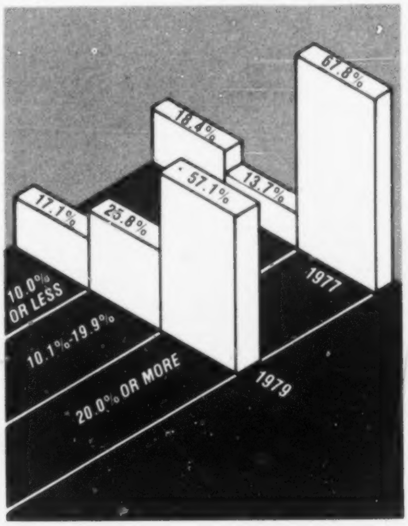
This phenomenon is largely explained by the desire of repurchasers

EXHIBIT 1.7: *Monthly housing expense for home buyers nationwide*



Note: For more detailed data, see Supplementary Table 1.7.
Source: U.S. League of Savings Associations.

EXHIBIT 1.8: *Downpayment as a percentage of purchase price for home buyers nationwide*



Source: U.S. League of Savings Associations.

Composition of median monthly housing expense

ITEM	1979	1977	1977-1979 INCREASE	PERCENTAGE OF TOTAL INCREASE
Mortgage payment	$401	$273	$128	85%
Real estate taxes	58	54	4	3%
Utilities	75	60	15	10%
Hazard insurance	16	13	3	2%
Total	$550	$400	$150	100%

Source: U.S. League of Savings Associations.

to use equity from the sale of their home for other purposes in the extremely inflationary environment of 1979. Of course, the greater amount of leveraging contributed to greater monthly payments for many home buyers.

There was a small decline in the proportion of home buyers making a downpayment of 10% or less, from 18.4% in 1977 to 17.1% in 1979. Low downpayment loans generally are used less frequently by repurchasers.

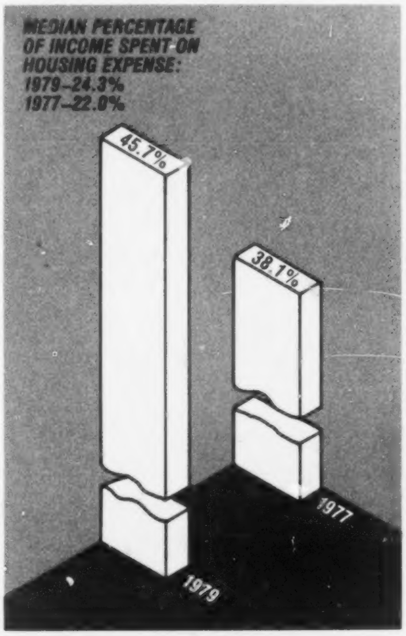
Home buyers stretched their budgets further than ever in 1979. Exhibit 1.9 shows that the typical home buyers in 1979 spent 24% of their monthly income on housing expenses, compared to 22% in 1977. Nearly 46% of all home buyers in 1979 incurred total monthly housing expenses which exceeded 25% of their income. This was true for only 38% of 1977 home buyers. Thus, home buyers clearly demonstrated their willingness to sacrifice other budget items in order to afford the housing expenses associated with homeownership. Association lenders similarly were seen to be accommodating this willingness to the extent possible.

Summary

It is clear that first-time buyers in particular faced the double problem of affording the higher downpayments and higher monthly housing expenses necessitated by higher home prices. As a result, an overwhelming proportion of home buyers in 1979 were repurchasers.

The 50% attrition between 1977 and 1979 in the percentage of home buyers who were making their first purchase is startling evidence of the impact of inflation on newcomers to homeownership. Thus, home buyer statistics for 1979 reflect to a great extent the characteristics of repurchasers.

EXHIBIT 1.9: *Home buyers nationwide spending more than 25% of household income on housing expense*



Note: For more detailed data, see Supplementary Table 1.8.

Source: U.S. League of Savings Associations.

It is important to note, however, the ways in which home buyers were adapting to the inflationary pressures in the housing market: The importance of a second income in households with two-earner potential increased significantly; the impact of higher downpayments was reduced as much as possible through mortgages with higher loan-to-value ratios; household budgets continued to be stretched to meet monthly expenses; and an increasing percentage of home buyers purchased condominiums as a moderately priced alternative to other single-family units in higher cost housing markets.

SUPPLEMENTARY TABLE 1.1: *Age of borrowers nationwide*

AGE (IN YEARS)	1979	1977
24 or less	10.2%	11.5%
25-29	23.1%	24.9%
30-34	21.6%	21.8%
35-39	14.5%	12.9%
40-44	9.3%	9.1%
45-49	7.2%	7.1%
50-54	5.7%	5.5%
55-59	4.4%	3.6%
60-64	2.3%	1.9%
65 or more	1.6%	1.5%
Median (in years)	33	32

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 1.2: *Household size of home buyers nationwide*

NUMBER IN HOUSEHOLD	1979	1977
One	18.9%	13.4%
Two	33.0%	32.4%
Three	18.3%	18.4%
Four	19.1%	21.8%
Five or more	10.7%	14.1%

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 1.3: *Income of home buyers nationwide*

ANNUAL HOUSEHOLD INCOME	1979	1977
Less than $15,000	7.4%	15.1%
$15,000-$19,999	14.2%	23.0%
$20,000-$24,999	18.2%	21.8%
$25,000-$34,999	30.1%	22.8%
$35,000-$44,999	14.5%	7.2%
$45,000 or more	15.6%	10.2%
Median	$28,110	$22,700

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 1.4: *Second income as a percentage of total income for home buyers nationwide*

SECOND INCOME AS A PERCENTAGE OF TOTAL HOUSEHOLD INCOME*	1979	1977
Less than 10.0%	46.1%	52.8%
10.0%-19.9%	6.2%	5.4%
20.0%-29.9%	11.5%	9.9%
30.0%-39.9%	16.7%	15.2%
40.0%-50.0%	19.5%	16.7%

**Includes only households with two adults.*

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 1.5: *Net worth of home buyers nationwide*

HOUSEHOLD NET WORTH	1979	1977
Less than $15,000	14.8%	25.7%
$15,000-$24,999	12.2%	17.7%
$25,000-$49,999	21.8%	24.4%
$50,000-$74,999	14.6%	11.6%
$75,000-$99,999	9.4%	6.1%
$100,000 or more	27.2%	14.6%
Median	$52,277	$31,800

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 1.6: *Age of homes purchased nationwide*

AGE OF HOME (IN YEARS)	1979	1977
30 or more	21.1%	19.9%
25-29	6.4%	3.8%
20-24	6.9%	7.7%
15-19	7.4%	8.4%
10-14	6.8%	8.3%
5-9	8.4%	9.0%
1-4	12.2%	17.5%
New	30.8%	25.4%
Median (in years)	10	9

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 1.7: *Monthly housing expense for home buyers nationwide*

MONTHLY HOUSING EXPENSE	1979	1977
$300 or less	12.0%	17.8%
$301-$400	14.3%	32.2%
$401-$500	17.3%	21.2%
$501-$600	21.0%	13.2%
$601 or more	35.5%	15.6%
Median	$550	$400

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 1.8: *Housing expense/income ratio for home buyers nationwide*

HOUSING EXPENSE AS A PERCENTAGE OF HOUSEHOLD INCOME	1979	1977
20.0% or less	28.5%	33.8%
20.1%-25.0%	25.8%	28.1%
25.1%-30.0%	24.3%	23.6%
30.1% or more	21.4%	14.5%
Median	24.3%	22.0%

Source: U.S. League of Savings Associations.

First-time and Repeat Home Buyers

First-time and Repeat Home Buyer Highlights

Inflation significantly reduced the percentage of first-time buyers in the 1979 housing market...

- *18% of all 1979 home buyers were first-time purchasers, compared to 36% of the total in 1977.*

Affordability did not seem to be a major problem for most repeat home buyers in 1979. First-time buyers, however, had to cut corners in order to enter the housing market. They bought less expensive older homes, used low downpayment mortgages and stretched their budgets, even with two incomes...

- *The median age of homes purchased by first-time buyers in 1979 was 18 years, compared to nine years for repeat buyers.*
- *The median purchase price paid by first-time buyers was about $49,000, compared to $60,500 for repeat buyers.*
- *In two-thirds of first-time buyer households with two adults, a second income contributed more than 10% of household income. This was true in just less than 50% of repeat buyer households.*
- *Over three-fifths of all first-time buyers paid less than 20% down, compared to about two-fifths of all repeat buyers.*
- *About 46% of all buyers, both first-time and repeat, spent more than one-fourth of their household income on housing expenses.*

Because they withdrew a substantial amount of the equity realized from the sale of their previous residence, many repeat buyers in 1979 made lower downpayments and stretched their household budgets...

- *Nearly 40% of all repurchasers made a downpayment of less than 20%.*
- *About 46% of all repurchasers spent more than 25% of their income in housing expenses.*
- *However, the typical repurchasers used only two-thirds of the equity realized from the sale of their previous residence for the downpayment on their new home.*

FIRST-TIME AND REPEAT HOME BUYERS, 1979

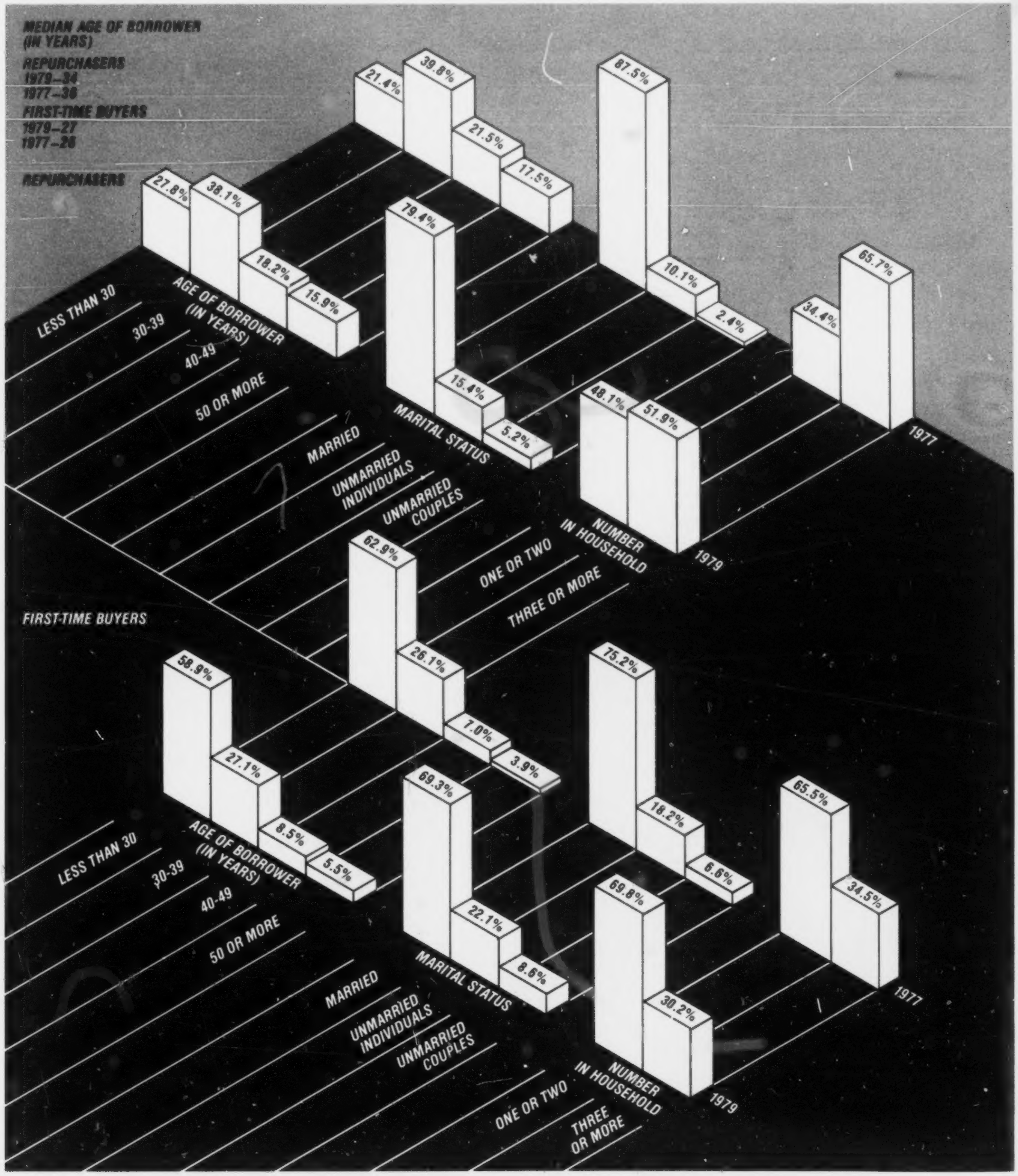
Statistical Profile at a Glance

	FIRST-TIME HOME BUYERS	REPURCHASERS
Who They Were		
A Demographic Profile		
Median age	27 yrs.	34 yrs.
Unmarried	30.7%	20.6%
One- and two-person households	69.8%	48.1%
An Economic Profile		
Median household income	$25,230	$28,796
*Importance of second income**	65.5%	51.6%
Median household net worth	$22,617	$61,463
Median equity from sale of previous residence	0	$30,877
What They Purchased...		
Condominiums	11.8%	10.8%
New homes	23.6%	32.3%
Homes 25 or more years old	35.5%	25.7%
...and Its Cost		
Median purchase price	$48,950	$60,500
Median downpayment	$ 6,811	$13,958
Median total monthly housing expense	$501	$563
Mortgage payment	$366	$411
Real estate taxes	$ 50	$ 60
Utilities	$ 70	$ 75
Hazard insurance	$ 15	$ 17
How They Afforded Their Purchase		
Less than 20% downpayment	62.0%	38.7%
Housing expense exceeding 25% of household income	45.1%	45.8%

**Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.*

Source: U.S. League of Savings Associations.

EXHIBIT 2.1: *Home buyer demographics for repurchasers and first-time buyers*



Note: For more detailed data, see Supplementary Tables 2.1 and 2.2. Source: U.S. League of Savings Associations.

CHAPTER TWO

First-time and Repeat Home Buyers

One fundamental difference exists between the first-time home buyer and the repurchaser: home equity. Repurchasers own an asset that can be used to finance their reentry into the housing market; first-time buyers own no such asset. As we have noted, while the inflation in home prices represents a barrier to the first-time buyer, it also means appreciation in the value of the typical repurchaser's largest asset. Thus, the inflation which raged through the late '70s and reached a post-World War II record of 13.3% in 1979 had an unmistakable impact on both first-time buyers and repurchasers.

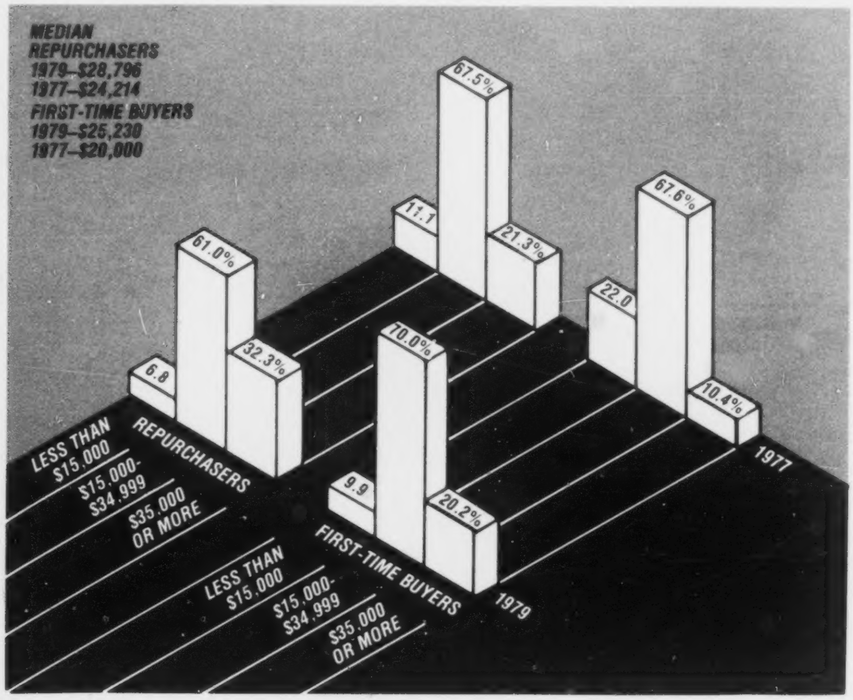
First-time Home Buyers

Who They Were

The percentage of first-time buyers in the 1979 market withered. First-time home buyers made up 36% of the total in 1977 but only 18% in 1979. However, as shown in Exhibit 2.1, the basic demographic characteristics of first-time buyers remained relatively unchanged from 1977 to 1979—approximately three-fifths of all first-time buyers were under the age of 30, 25% to 30% were single, and 65% to 70% were members of one- or two-person households.

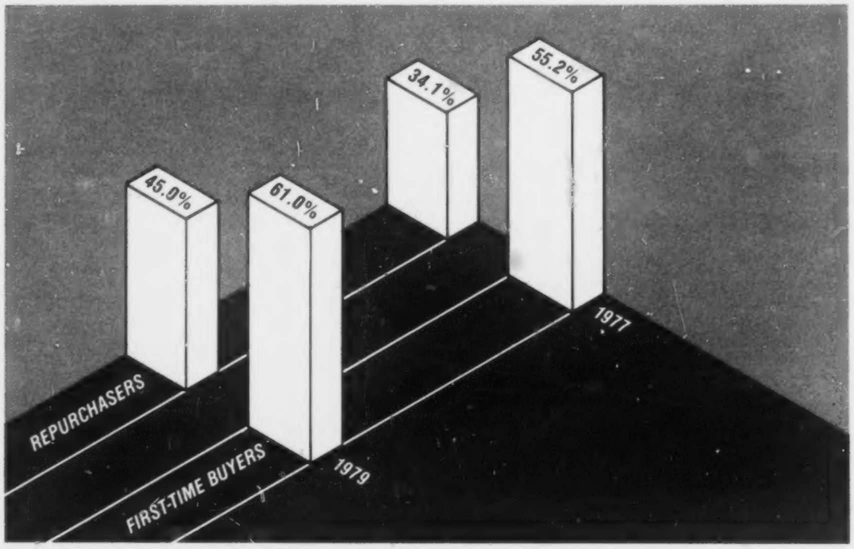
However, comparing the economic profiles of 1977 and 1979 first-time buyers shows the effects of inflation. First-time buyers in 1979 tended both to have higher incomes and to have relied more on second incomes. Exhibit 2.2 shows that the median household income of first-time buyers in 1979 was $25,230, up 26% from the median in 1977. While nearly one-fourth of all first-time buyers in 1977 earned less than $15,000, only 10% earned less than $15,000 in 1979.

EXHIBIT 2.2: *Annual household income of repurchasers and first-time home buyers**



Note: For more detailed data, see Supplementary Table 2.3.
Source: U.S. League of Savings Associations.

EXHIBIT 2.3: *Importance of second income to repurchasers and first-time home buyers**

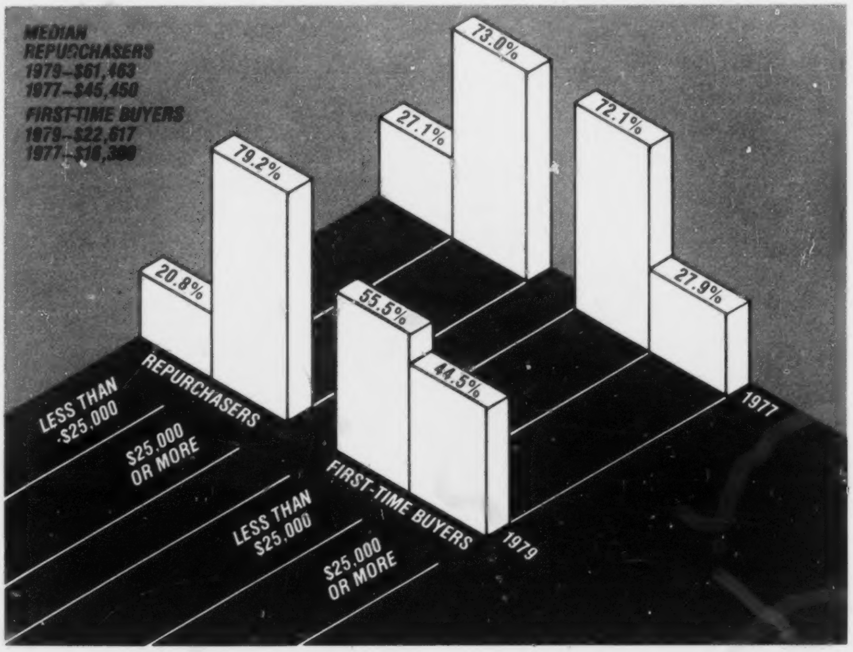


**Percentage of households with two adults in which income contributed by a second earner accounted for 20% or more of total household income.*

Note: For more detailed data, see Supplementary Table 2.4.

Source: U.S. League of Savings Associations.

EXHIBIT 2.4: *Net worth of repurchasing and first-time home buying households*



Note: For more detailed data, see Supplementary Table 2.5.

Source: U.S. League of Savings Associations.

The importance of second incomes to first-time buyer households should be stressed. As shown in Exhibit 2.3, in 1979 a second income contributed 20% or more of total income for 61% of first-time buyer households with two adult members. This compares to only 55% in 1977.

First-time buyers in 1979 had accumulated more net worth by the time they made their purchase. As shown in Exhibit 2.4, the net worth of the typical first-time buyer increased by almost 39% over the 1977 level, from $16,300 to $22,617. In 1977 only 28% of first-time buyers had net worth of $25,000 or more; by 1979 this level was achieved by about 45% of all first-time buyers.

What They Purchased and Its Cost

It's still true that first-time buyers tend to buy older, less expensive homes. As shown in Exhibit 2.5, the median price paid for a home by first-time buyers in 1979 was $48,950, while repurchasers paid $60,500. Although more than 78% of first-time buyers chose a home priced at less than $50,000 in 1977, only 52% were able to find similarly priced homes in 1979. The price of the typical home purchased by the first-time buyer increased 32%, from $37,000 in 1977 to $48,950 in 1979.

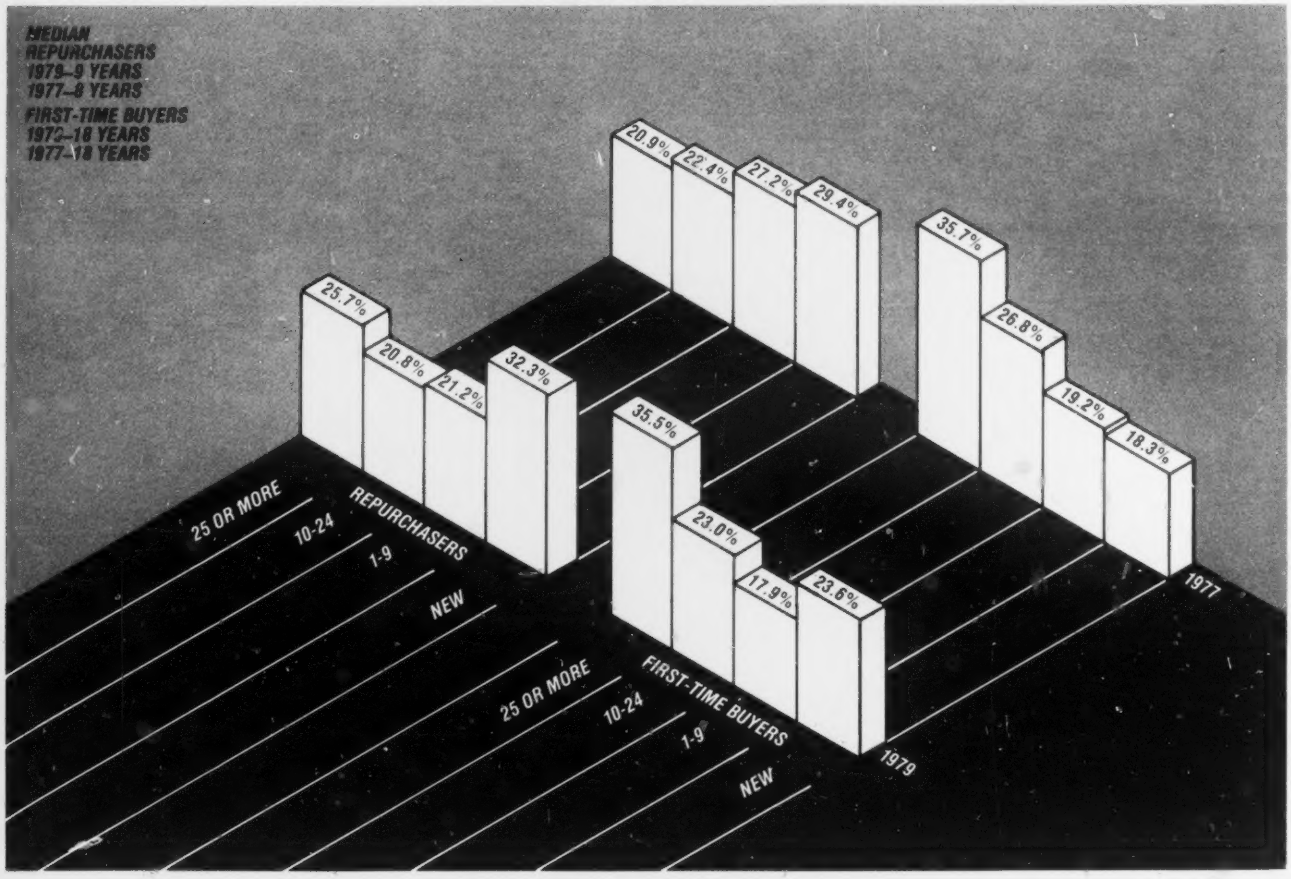
In both 1977 and 1979, first-time buyers turned to older homes to find more moderate price levels. As shown in Exhibit 2.6, the typical first-time home buyer purchased a home built 18 years ago; 35% of first-time buyers purchased a home built more than 25 years ago. Of course, the housing units built dur-

EXHIBIT 2.5: *Price of homes bought by repurchasers and first-time buyers*

	REPURCHASERS		FIRST-TIME BUYERS	
PURCHASE PRICE	1979	1977	1979	1977
Less than $50,000	34.8%	53.3%	52.2%	78.5%
$50,000—$69,999	28.5%	27.1%	29.4%	15.0%
$70,000—$89,999	18.4%	11.7%	11.5%	5.2%
$90,000 or more	18.3%	7.9%	7.0%	1.4%
Median	$60,500	$48,472	$48,950	$37,000

Note: For more detailed data, see Supplementary Table 2.6.
Source: U.S. League of Savings Associations.

EXHIBIT 2.6: *Age of homes bought by repurchasers and first-time buyers*

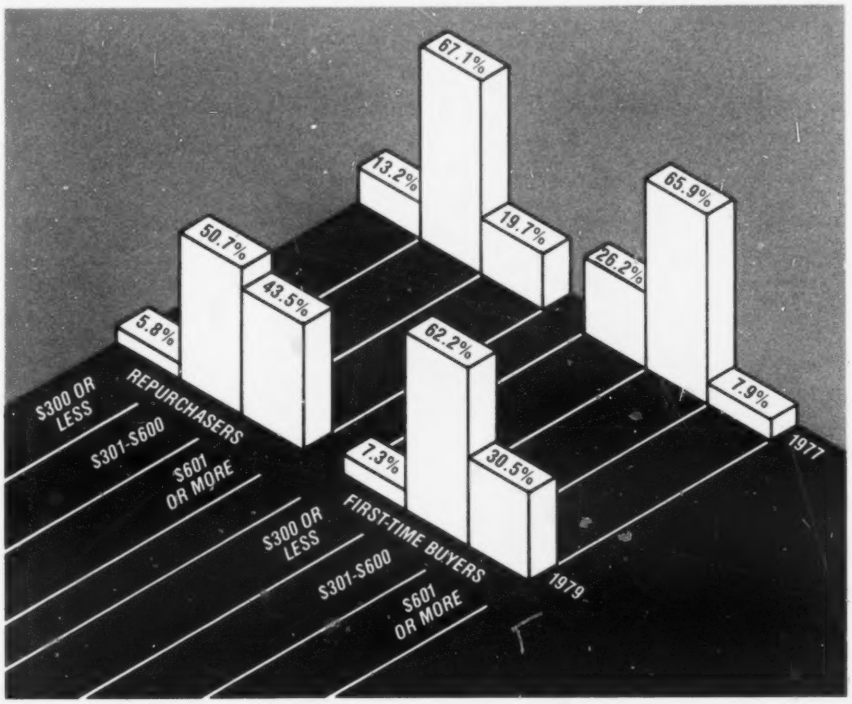


Note: For more detailed data, see Supplementary Table 2.7. Source: U.S. League of Savings Associations.

ing the boom years of the early 1950s are currently providing a large supply of homes over 25 years old.

A more complete view of the impact of inflation on the housing costs of first-time buyers is revealed by an examination of monthly housing expenses. The median monthly housing expense of $501 in 1979 represented a 36% increase over the monthly expenses confronting the 1977 first-time buyer. Most of the rise was due to increases in the monthly mortgage payment, up from $248 per month in 1977 to $366 in 1979.

EXHIBIT 2.7: *Monthly housing expense for repurchasers and first-time home buyers*



Source: U.S. League of Savings Associations.

Composition of median monthly housing expense

	REPURCHASERS		FIRST-TIME BUYERS	
ITEM	**1979**	**1977**	**1979**	**1977**
Mortgage payment	$411	$291	$366	$248
Real estate taxes	60	58	50	50
Utilities	75	60	70	60
Hazard insurance	17	15	15	11
Total	$563	$424	$501	$369

Source: U.S. League of Savings Associations.

The distribution and components of housing expense are presented in Exhibit 2.7. The typical first-time buyers faced a total monthly housing expense of $501 in 1979. Only 7% of first-time buyers had expenses totaling $300 or less per month in 1979, while almost 31% paid more than $600 per month.

How They Afforded Their Purchase

With home prices accelerating faster than incomes, the majority of first-time home buyers in 1979 made increased use of low downpayment mortgages, as is shown in Exhibit 2.8. This not only resulted in higher monthly mortgage payments but in an increase in the proportion of household income allocated to housing as well. Fully 62% of all first-time home buyers in 1979 made a downpayment that was less than 20% of the purchase price, compared to 47% in 1977. Twenty-nine percent of 1979 first-time home buyers, in fact, made a downpayment of 10% or less.

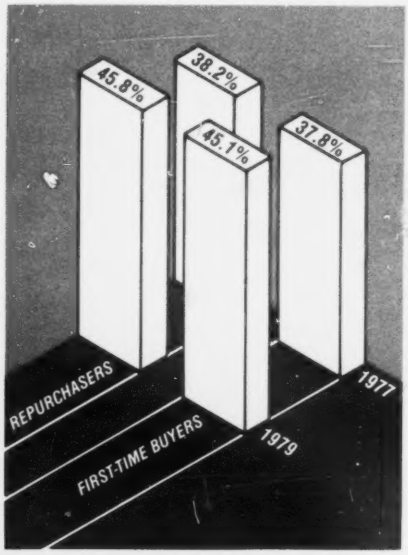
EXHIBIT 2.8: *Downpayment as a percentage of purchase price for repurchasers and first-time home buyers*

DOWNPAYMENT	REPURCHASERS 1979	REPURCHASERS 1977	FIRST-TIME BUYERS 1979	FIRST-TIME BUYERS 1977
10.0% or less	14.4%	12.5%	29.2%	28.8%
10.1%-19.9%	24.3%	11.1%	32.8%	18.3%
20.0% or more	61.2%	76.4%	38.0%	52.8%
Median	$13,985	$11,000	$6,811	$5,500

Source: U.S. League of Savings Associations.

While mortgages with higher loan-to-value ratios do help to solve the initial entry problems of first-time home buyers, they also result in larger monthly payments. Thus, 45% of all first-time buyers in 1979 spent more than one-quarter of their income on housing expenses, as shown in Exhibit 2.9. In 1977, in contrast, 38% of first-time buyers exceeded the 25% housing-expense-to-income ratio that is often used as a rule of thumb for the affordability of housing costs.

EXHIBIT 2.9: *Repurchasers and first-time home buyers spending more than 25% of household income on housing expense*



Note: For more detailed data, see Supplementary Table 2.8.

Source: U.S. League of Savings Associations.

In the face of continuing inflationary pressure and expectations, the percentage of first-time buyers stretching household budgets increased by almost one-fifth in 1979.

Repeat Home Buyers

Who They Were

When inflation runs rampant, as it did in 1979, the home market is dominated by repurchasers. Repurchasers, by virtue of their accumulated equity in their current residence, are in a better position to buy when prices rise. It is also quite apparent that, compared to first-time buyers, repurchasers tend to be older, to have larger households, to earn larger incomes and have greater net worth. They also are more likely to be married and to purchase newer and more expensive homes. These distinguishing features of repurchasers were noted in our 1977 survey and continue to characterize this group in 1979.

Several interesting comparisons can be made, however, between the repurchasers of 1977 and those of 1979. First, 1979 repurchasers proved to be a bit younger than they were in 1977; their median age dropped from 36 to 34 years (Exhibit 2.1). Second, there was an increasing percentage of unmarried repurchasers in 1979; in 1977, only 12.5% of repurchasers were single, compared to 20.6% in 1979. These factors undoubtedly reflected the large number of young and often unmarried home buyers who made their first purchase in the mid-'70s and who are now trading up.

The median household income of the repurchaser in 1979 was $28,796, 14% higher than that of the first-time home buyer (Exhibit 2.2). However, the household income of repurchasers rose less between 1977 and 1979 than did that of first-time buyers. While the median income of first-time buyers rose by $5,230, or 26%, between 1977 and 1979, the median income of repurchasers rose by only $4,582, or 19%.

Second incomes also were of substantial importance to repurchasers in 1979, accounting for 20% or more of total household income for 45% of two-earner households (Exhibit 2.3). The importance of a second income grew between 1977 and 1979 for repurchasers and first-time buyers alike, indicating that this represents a significant way in which all home buyers are coping with inflation.

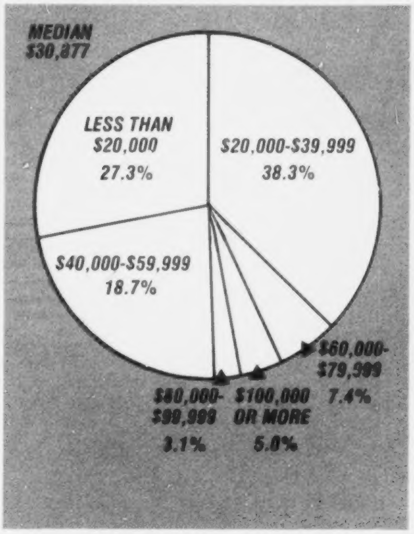
One of the most interesting features in our profile of repurchasers in 1979 is the role which home equity has played in their pattern of wealth accumulation. As Exhibit 2.4 shows, the net worth of repurchasers was up by 35%, from $45,450 in 1977 to $61,463 in 1979. There is no doubt that a major factor contributing to the increasing wealth of homeowners is the equity that has been accumulating in their home.

As Exhibit 2.10 shows, the typical 1979 repurchasers realized $30,877 from the sale of their previous residence. However, part of this accumulated equity was not reinvested in the new home purchased. In fact, the typical repurchasers held back about one-third of the proceeds from the sale of their previous home (Exhibit 2.11). This left 1979 repurchasers with a slightly smaller fraction of their net worth in home equity than was the case in 1977 (Exhibit 2.12).

What They Purchased and Its Cost

Repurchasers are the predominant buyers of new homes. In 1979, nearly one-third of all repurchasers bought new homes (Exhibit 2.6). The fact that the prices of new homes are higher than those of existing homes pushed up the median purchase price. The typical repurchaser paid $60,500 for a home in 1979, up 25% from $48,500 in 1977 (Exhibit 2.5).

EXHIBIT 2.10: *Proceeds realized from sale of previous residence by repurchasers, 1979*



Note: For more detailed data, see Supplementary Table 2.9.

Source: U.S. League of Savings Associations.

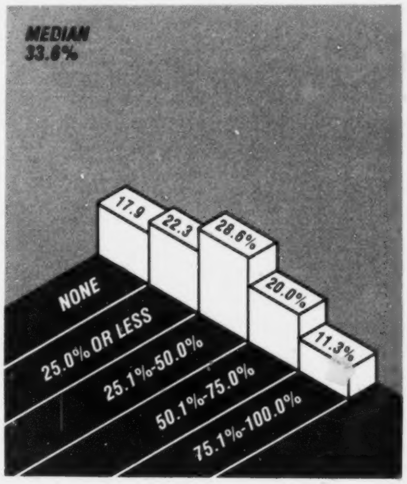
Fewer than 35% of all repurchasers bought a home priced at less than $50,000 in 1979.

The median monthly housing expense of repurchasers increased by 33% between 1977 and 1979, to $563 (Exhibit 2.7).

How They Afforded Their Purchase

Many repurchasers are not applying all of their accumulated equity toward the purchase of a new residence. More than four-fifths of all repurchasers retained some of the proceeds from the sale of their pre-

EXHIBIT 2.11: *Equity takeout by repurchasers, 1979**



**Percentage of the proceeds from the sale of the previous home not reinvested in the new residence purchased.*

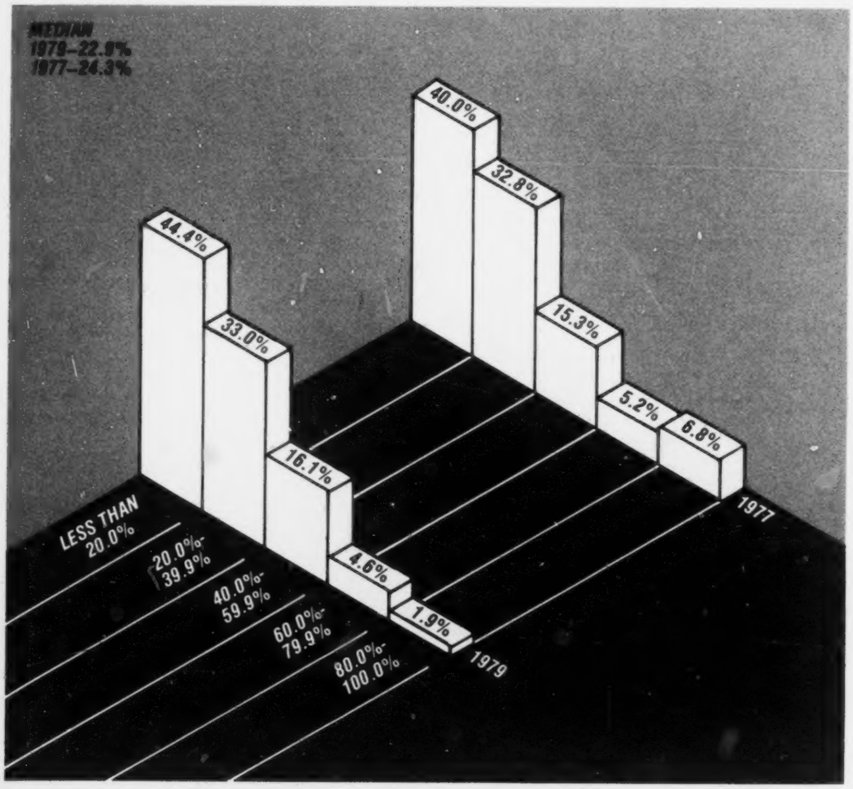
Source: U.S. League of Savings Associations.

vious home for other purposes; 31% retained more than half. As shown in Exhibit 2.11, the median amount taken out was 34% of the total proceeds.

The ability of repurchasers to monetize their equity is dependent upon securing low downpayment mortgages, which they did to a great extent (see Exhibit 2.8). About 30% of all repurchasers in 1979 borrowed more than 80% of the purchase price. The comparable figure for 1977 was 24%.

As a result of higher loan-to-value ratio loans, repurchasers in 1979 were stretching their budgets almost as much as first-time buyers. Nearly 46% of all repurchasers spent more than 25% of their income on housing in 1979, up dramatically from 38% in 1977 (Exhibit 2.9). This is not to suggest that repurchasers faced an affordability problem of the magnitude of first-time buyers. Repurchasers made a conscious decision not to invest all of the proceeds from the sale of their previous home in their new residence and, as a result, to spend a larger portion of their income on housing.

EXHIBIT 2.12: *Equity in home as a percentage for household net worth for repurchasers*



Note: For more detailed data, see Supplementary Table 2.10.
Source: U.S. League of Savings Associations.

The fact that not all of the equity was used for the new purchase means that some repeat buyers wanted to spend part of their net worth while others wanted to acquire other forms of assets; undoubtedly, some households did both. In an inflationary environment some repurchasers may want to consume some wealth in order to maintain an established level of consumption. Others may wish to avoid "having all their eggs in one basket" by seeking a diversified portfolio.

Summary

First-time home buyers are using many different means in order to enter the housing market. Inflation in 1979 forced them to pay higher purchase prices, make higher downpayments and afford higher housing expenses. Many first-time buyers, in fact, are having to make extraordinary sacrifices to fulfill their desire for homeownership. These sacrifices include greater dependence upon second incomes and an increase in the proportion of household income being spent on housing expenses.

There can be no doubt that the problems that inflation is causing first-time home buyers must become a focal point of concern for national housing policy.

On the other hand, affordability did not seem to be a major problem for most repeat buyers in 1979. Even though many repeat buyers made lower downpayments and stretched their household budgets, most withdrew a substantial amount of the equity realized from the sale of their previous residence.

SUPPLEMENTARY TABLE 2.1: *Age of borrowers–repurchasers and first-time home buyers*

AGE (IN YEARS)	REPURCHASERS 1979	REPURCHASERS 1977	FIRST-TIME BUYERS 1979	FIRST-TIME BUYERS 1977
24 or less	7.7%	4.5%	22.0%	23.8%
25-29	20.1%	16.9%	36.9%	39.1%
30-34	22.1%	23.4%	19.4%	19.1%
35-39	16.0%	16.4%	7.7%	7.0%
40-44	10.3%	11.9%	4.8%	4.2%
45-49	7.9%	9.4%	3.7%	2.8%
50-54	6.4%	7.8%	2.3%	1.6%
55-59	5.0%	5.2%	1.8%	0.8%
60-64	2.7%	2.5%	0.8%	0.9%
65 or more	1.8%	2.0%	0.6%	0.6%
Median (in years)	34	36	27	26

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.2: *Household size of repurchasers and first-time home buyers*

NUMBER IN HOUSEHOLD	REPURCHASERS 1979	REPURCHASERS 1977	FIRST-TIME BUYERS 1979	FIRST-TIME BUYERS 1977
One	17.0%	8.4%	27.9%	22.0%
Two	31.1%	26.0%	41.9%	43.5%
Three	19.1%	19.3%	15.1%	17.0%
Four	21.1%	27.6%	9.4%	11.7%
Five or more	11.7%	18.8%	5.7%	5.8%

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.3: *Income of repurchasers and first-time home buyers*

ANNUAL HOUSEHOLD INCOME	REPURCHASERS 1979	REPURCHASERS 1977	FIRST-TIME BUYERS 1979	FIRST-TIME BUYERS 1977
Less than $15,000	6.8%	11.1%	9.9%	22.0%
$15,000-$19,999	13.4%	20,2%	18.4%	27.7%
$20,000-$24,999	17.5%	22.0%	21.3%	21.6%
$25,000-$34,999	30.1%	25.3%	30.3%	18.3%
$35,000-$49,999	15.2%	8.6%	11.4%	4.7%
$45,000 or more	17.1%	12.7%	8.8%	5.7%
Median	$28,796	$24,214	$25,230	$20,000

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.4: *Second income as a percentage of total income for repurchasers and first-time home buyers*

SECOND INCOME AS A PERCENTAGE OF TOTAL HOUSEHOLD INCOME*	REPURCHASERS 1979	REPURCHASERS 1977	FIRST-TIME BUYERS 1979	FIRST-TIME BUYERS 1977
Less than 10.0%	48.4%	59.7%	34.5%	40.5%
10.0%-19.9%	6.6%	6.1%	4.5%	4.2%
20.0%-29.9%	11.5%	9.9%	11.6%	9.9%
30.0%-39.9%	15.7%	12.0%	21.8%	20.7%
40.0%-50.0%	17.8%	12.2%	27.6%	24.6%

**Includes only households with two adults.*

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.5: *Net worth of repurchasers and first-time home buyers*

HOUSEHOLD NET WORTH	REPURCHASERS		FIRST-TIME BUYERS	
	1979	1977	1979	1977
Less than $15,000	11.4%	14.3%	30.2%	45.7%
$15,000-$24,999	9.4%	12.8%	25.3%	26.4%
$25,000-$49,999	21.0%	28.0%	25.6%	18.0%
$50,000-$74,999	16.1%	15.9%	8.0%	4.2%
$75,000-$99,999	10.8%	8.4%	2.7%	2.0%
$100,000 or more	31.3%	20.7%	8.2%	3.7%
Median	$61,463	$45,450	$22,617	$16,300

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.6: *Price of homes bought by repurchasers and first-time buyers*

PRICE	REPURCHASERS		FIRST-TIME BUYERS	
	1979	1977	1979	1977
Less than $30,000	9.0%	13.3%	14.9%	28.1%
$30,000-$49,999	25.8%	40.0%	37.3%	50.4%
$50,000-$69,999	28.5%	27.1%	29.4%	15.0%
$70,000-$89,999	18.4%	11.7%	11.5%	5.2%
$90,000 or more	18.3%	7.9%	7.0%	1.4%
Median	$60,500	$48,472	$48,950	$37,000

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.7: *Age of homes bought by repurchasers and first-time buyers*

AGE OF HOME (IN YEARS)	REPURCHASERS		FIRST-TIME BUYERS	
	1979	1977	1979	1977
30 or more	19.6%	16.6%	27.9%	27.4%
25-29	6.1%	4.3%	7.6%	8.3%
20-24	6.7%	6.0%	8.1%	8.8%
15-19	7.2%	7.7%	8.3%	10.4%
10-14	6.9%	8.7%	6.6%	7.6%
5-9	8.8%	10.4%	6.8%	7.8%
1-4	12.4%	16.8%	11.1%	11.4%
New	32.3%	29.4%	23.6%	18.3%
Median (in years)	9	8	18	18

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.8: *Housing expense/income ratio for repurchasers and first-time home buyers*

HOUSING EXPENSE AS A PERCENTAGE OF HOUSEHOLD INCOME	REPURCHASERS		FIRST-TIME BUYERS	
	1979	1977	1979	1977
20.0% or less	29.1%	34.4%	26.3%	32.9%
20.1%-25.0%	25.0%	27.4%	28.6%	29.3%
25.1%-30.0%	24.0%	23.2%	26.0%	24.2%
30.1% or more	21.8%	15.0%	19.1%	13.6%

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.9: *Proceeds realized from sale of previous residence by repurchasers*

AMOUNT	1979	1977
Less than $20,000	27.3%	36.7%
$20,000-$39,999	38.3%	29.6%
$40,000-$59,999	18.8%	13.3%
$60,000-$79,999	7.4%	6.7%
$80,000-$99,999	3.1%	3.8%
$100,000 or more	5.0%	9.8%
Median	$30,877	$27,556

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 2.10: *Equity in home as a percentage of net worth for repurchasers and first-time buyers*

EQUITY AS A PERCENTAGE OF HOUSEHOLD NET WORTH	REPURCHASERS		FIRST-TIME BUYERS	
	1979	1977	1979	1977
Less than 20.0%	44.4%	40.0%	35.4%	24.9%
20.0%-39.9%	33.0%	32.8%	36.0%	34.9%
40.0%-59.9%	16.1%	15.3%	16.1%	21.1%
60.0%-79.9%	4.6%	5.2%	7.7%	8.8%
80.0%-100%	1.9%	6.8%	2.7%	10.2%
Median	22.9%	24.3%	27.1%	32.2%

Source: U.S. League of Savings Associations.

Home Buyers, By Region

Regional Highlights

The household income and net worth of home buyers in the West continues to contrast sharply with that of home buyers in other regions...

- *The 1979 median income of home buyers in the south, northeast, and north central regions was between $26,500 and $27,600, while in the West it was $32,100.*
- *The 1979 median net worth of western home buyers, inflated by considerable home equity, was $78,800.*

The rapid economic growth and related population in-migration occurring in both the South and West have given these regions a slightly older group of home buyers...

- *Only 26% of the West's home buyers and 30% of the South's home buyers were under the age of 30, compared to 37% of the home buyers in the Northeast and 41% of the home buyers in the north central region.*

The availability and price of land, substantial population in-migration, and environmental and land use restrictions have combined to contribute significantly to the higher prices and housing costs facing home buyers in the West...

- *The median price paid by home buyers in the West was $73,000, while ranging between $52,000 and $55,000 in the other regions.*
- *Price for homes in the West continued to increase at a faster pace than prices on other regions. Prices for homes in the West grew at an annual rate of 17.4% between 1977 and 1979, compared to 10.7% in the Northeast, 12.6% in the South and 16% in the north central region.*
- *Median monthly housing costs in the West were $676, while ranging between $506 and $521 in the other regions.*

Higher housing expenses required that western home buyers spend substantially more of their income on housing than home buyers in other regions...

- *Over 54% of western home buyers spent in excess of 25% of their income on housing expenses, compared to 41% of southern home buyers, 42% of northeastern home buyers and 44% of north central home buyers.*
- *Over 46% of western home buyers made downpayments of less than 20% on their home purchase.*

HOME BUYERS, BY REGION, 1979

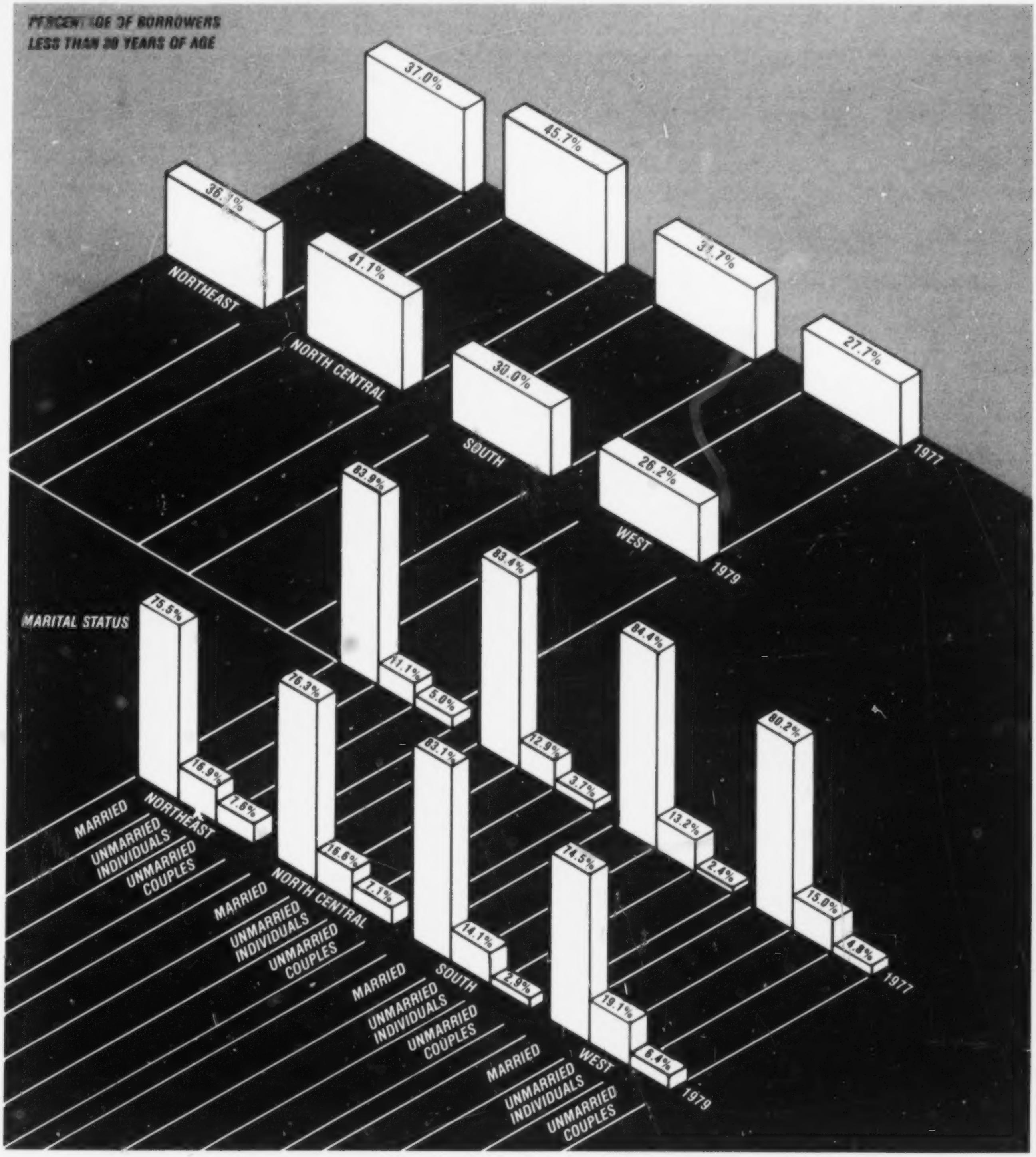
Statistical Profile at a Glance

	NORTHEAST	NORTH CENTRAL	SOUTH	WEST
Who They Were				
A Demographic Profile				
Median age	32 yrs.	31 yrs.	34 yrs.	35 yrs.
Unmarried	24.5%	23.7%	17.0%	25.5%
One- and two-person households	54.7%	50.1%	50.1%	54.1%
An Economic Profile				
Median household income	$27,597	$26,499	$26,874	$32,106
*Importance of second income**	60.1%	54.1%	48.8%	55.1%
Median household net worth	$45,900	$38,990	$54,194	$78,813
First-time Buyers	21.0%	20.3%	15.8%	14.9%
What They Purchased...				
Condominiums	13.7%	7.6%	7.8%	16.5%
New homes	26.0%	20.8%	46.0%	28.8%
Homes 25 or more years old	36.6%	33.5%	17.0%	25.7%
...and Its Cost				
Median purchase price	$53,900	$55,000	$52,000	$73,000
Median downpayment	$11,943	$11,578	$ 9,943	$15,927
Median total monthly housing expense	$521	$520	$506	$676
Mortgage payment	$358	$375	$367	$533
Real estate taxes	$ 71	$ 60	$ 39	$ 65
Utilities	$ 80	$ 70	$ 80	$ 60
Hazard insurance	$ 12	$ 15	$ 20	$ 18
How They Afforded Their Purchase				
Less than 20% downpayment	38.0%	42.1%	43.3%	46.6%
Housing expense exceeding:				
25% of household income	41.9%	44.4%	41.1%	54.2%
30% of household income	15.9%	18.4%	18.7%	30.3%

**Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.*

Source: U.S. League of Savings Associations.

EXHIBIT 3.1: *Home buyer demographics, by region*



Note: For more detailed data, see Supplementary Tables 3.1 and 3.2. Source: U.S. League of Savings Associations.

CHAPTER THREE

Home Buyers, By Region

Many factors which affect housing markets are essentially regional in character. Supply and demand conditions vary substantially from place to place, as do construction and land development costs. It was found that stratification of our sample by region helped to isolate the influence of a number of factors producing differences in local housing markets.

It is widely known that due to significant population in-migration and economic growth, both the southern and western regions of our nation have been subject to a boom in housing starts, especially during the latter half of the '70s.

The north central and northeast regions, on the other hand, while certainly experiencing substantial real estate activity, are characterized by more mature housing markets and by a more mature economy, out of which evolves a somewhat different set of home purchase characteristics. This chapter points out several important differences in the regional descriptions of home buyers and their purchases.

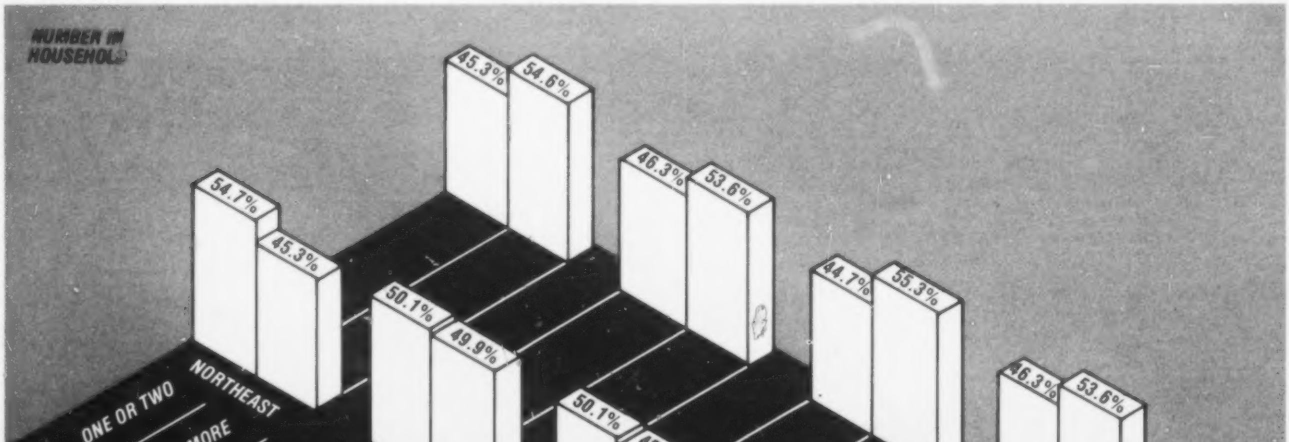
Who They Were

A Demographic Profile

Home buyers in the South and the West were slightly older than home buyers in the northeast and north central regions. This continues a pattern which was evident in 1977. As shown in Exhibit 3.1, only 26% of the West's home buyers and 30% of the South's home buyers were under 30 years of age. This may be a reflection of the impact that in-migration is having on the housing markets in these regions as their growing economies attract a more mature work force and as their mild climates attract retirees.

Unmarried home buyers were clearly in greater abundance in all regions of the country in 1979 than in 1977 (Exhibit 3.1). Although the West still led the nation in unmarried home buyers, both the northeast and north central regions gained parity in this regard. Singles amounted to 25.5% of all home buyers in the West, up from 19.8% in 1977. The proportion

EXHIBIT 3.1: *(continued)*



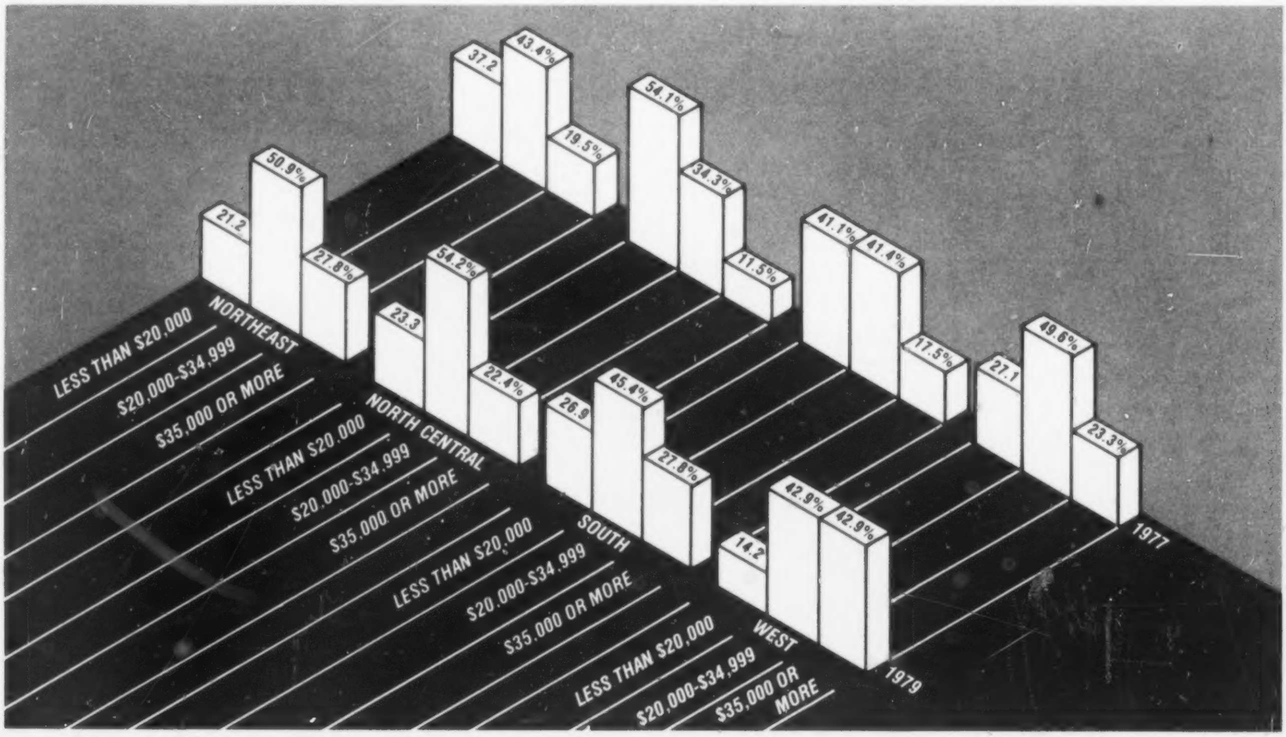
Note: For more detailed data, see Supplementary Tables 3.1 and 3.2. *Source: U.S. League of Savings Associations.*

of single home buyers rose from 16.1% to 24.5% in the Northeast and from 16.6% to 23.7% in the north central region.

Of course, the increase in the number of single home buyers in the marketplace in 1979 made its impact felt with regard to household size, increasing the percentage of one- and two-person households in all regions to between 50% and 55% (Exhibit 3.1).

While the married couple still represents the mainstay of the home buying population, substantial increases in home buying by singles have occurred. One explanation may be that the large aggregation of singles that live in the major urban centers of the Northeast and West are taking advantage of the more moderately priced stock of existing homes and condominiums in these areas. Also, of course, as incomes

EXHIBIT 3.2: *Annual household income of home buyers, by region*



Note: For more detailed data, see Supplementary Table 3.3.
Source: U.S. League of Savings Associations.

MEDIAN	NORTHEAST	NORTH CENTRAL	SOUTH	WEST
1979	$27,597	$26,499	$26,874	$32,106
1977	$22,794	$21,177	$21,780	$25,830
Increase	$ 4,803	$ 5,322	$ 5,094	$ 6,276
Annual increase	10.0%	11.9%	11.1%	11.5%

Source: U.S. League of Savings Associations.

rise, more people are attracted by the tax advantages of homeownership.

An Economic Profile

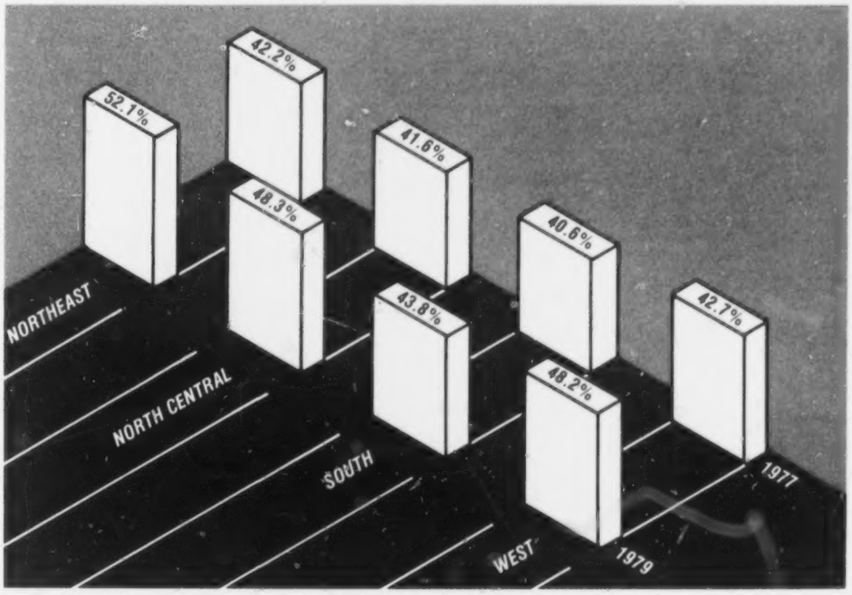
The household income of western home buyers continues to contrast sharply with home buyer incomes in other regions. Exhibit 3.2 shows that the 1979 median incomes of home buyers in the South, North Central and Northeast were bunched within the narrow range of $26,500 and $27,600, while in the West the median was $32,100. This regional difference existed in 1977 as well, and is best explained by the fact that higher incomes are required to afford the higher housing prices which are facing the home buyer in the West.

The South had the highest proportion of home buyers with incomes of less than $20,000 (26.9%), while the West had the lowest (14.2%). On the other hand, the West had the highest proportion of home buyers with incomes of $35,000 or more (42.9%), while the north central region had the lowest (22.4%).

In households where two adults were present, a second income proved to be of even more critical importance in 1979 than in 1977 for home buyers in all regions. This is shown in Exhibit 3.3. A second income provided one-fifth or more of the total income in 52.1% of such households in the Northeast, 48.3% in the north central region, 43.8% in the South and 48.2% in the West.

The regional pattern of home buyer wealth shares the same general characteristics as the regional income pattern; the West stands out as a wealthier group (Exhibit 3.4). This

EXHIBIT 3.3: *Importance of second income to home buyers, by region**

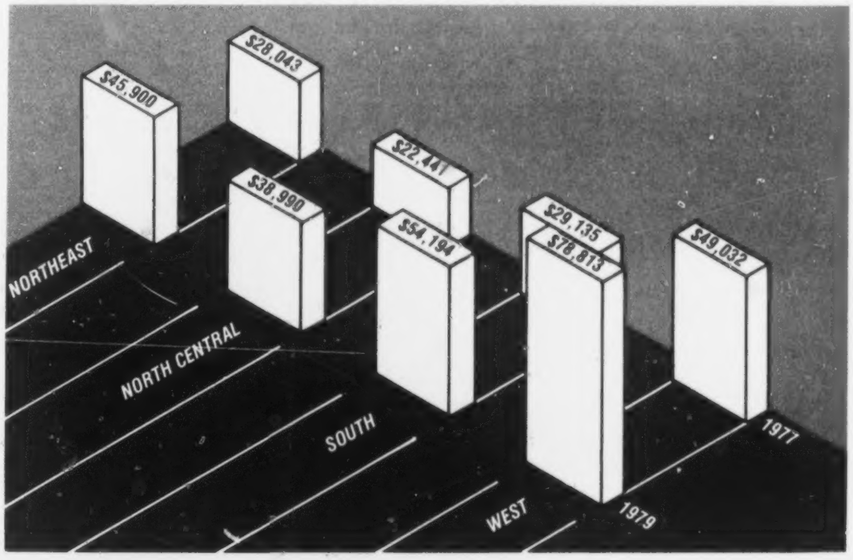


**Percentage of households with two adults in which income contributed by a second earner accounted for 20% or more of total household income.*

Note: For more detailed data, see Supplementary Table 3.4.

Source: U.S. League of Savings Associations.

EXHIBIT 3.4: *Median net worth of home buying households, by region*



Note: For more detailed data, see Supplementary Table 3.5.

Source: U.S. League of Savings Associations.

is partially explained by the preponderance of repurchasers everywhere in the country and by the fact that prices have escalated more rapidly in the West, thereby pushing up the home equity held by repurchasers.

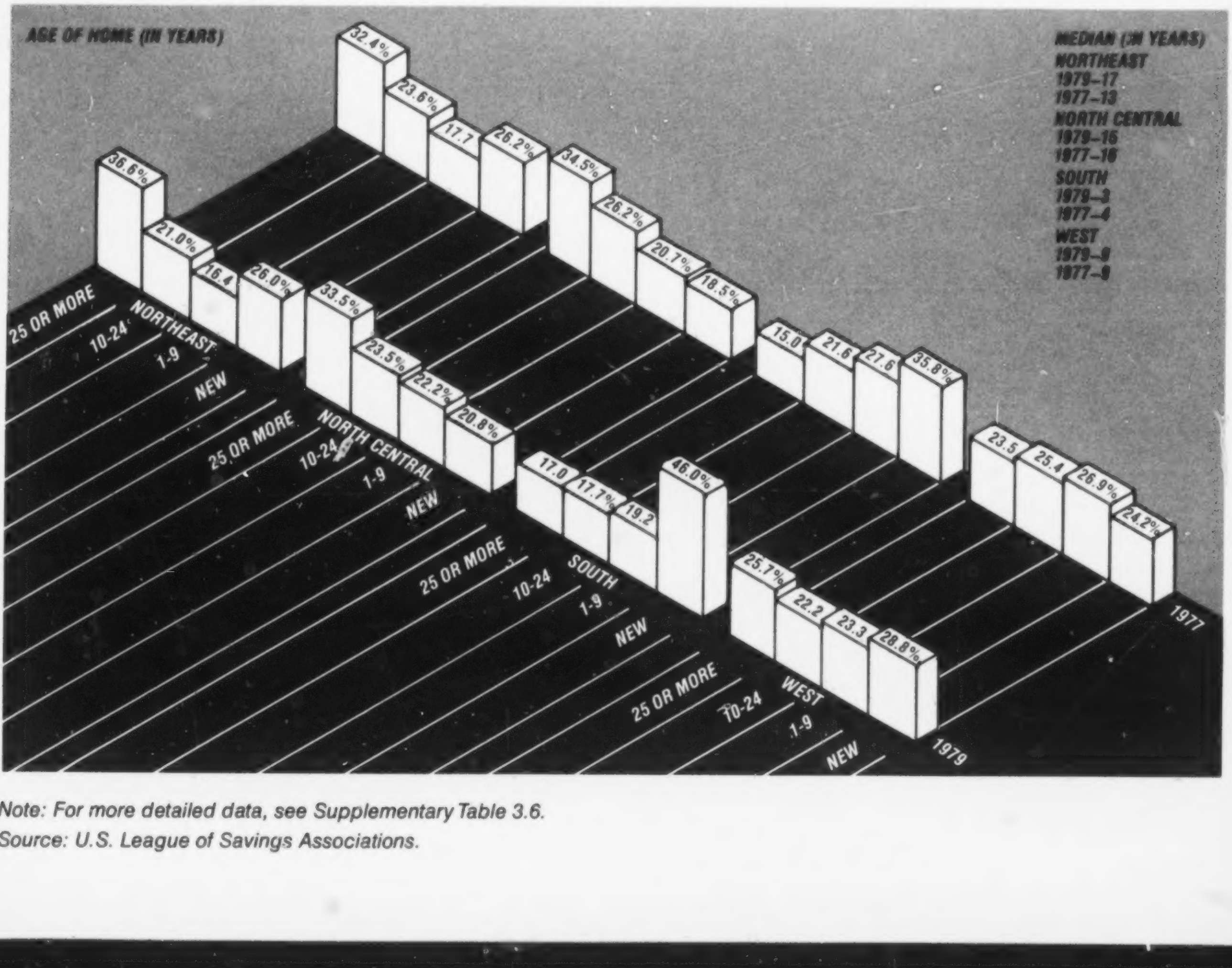
What They Purchased and Its Cost

Nothing more clearly delineates the problems facing home buyers today than a comparison of what is occurring in the South and the West. Typically, the prices paid for homes in the South are the lowest in the nation, even though 46% of those purchased in 1979 were new homes (Exhibit 3.5). In the West, where only 29% of the homes purchased were new, the median price was 40% greater than in the South. Higher land prices, plus more extensive environmental and land use restrictions, have combined to contribute significantly to the higher prices facing home buyers in the West.

The South, on the other hand, faces fewer barriers to constructing housing for its growing, spreading population. The greater ease and more moderate cost with which the supply of housing can be augmented in the South has clearly helped to keep down the price of housing in this region.

In the northeast and north central regions, where the stock of older housing is largest, the typical purchase in 1979 was of an older home. The median age of homes purchased was 17 years in the Northeast and 15 years in the north central region. In the West and the South, on the other hand, where a large part of the stock of homes is of a much more recent vintage, relatively newer homes were purchased. The median age of homes purchased in the West was nine years and in the South was three years.

EXHIBIT 3.5: *Age of homes purchased, by region*



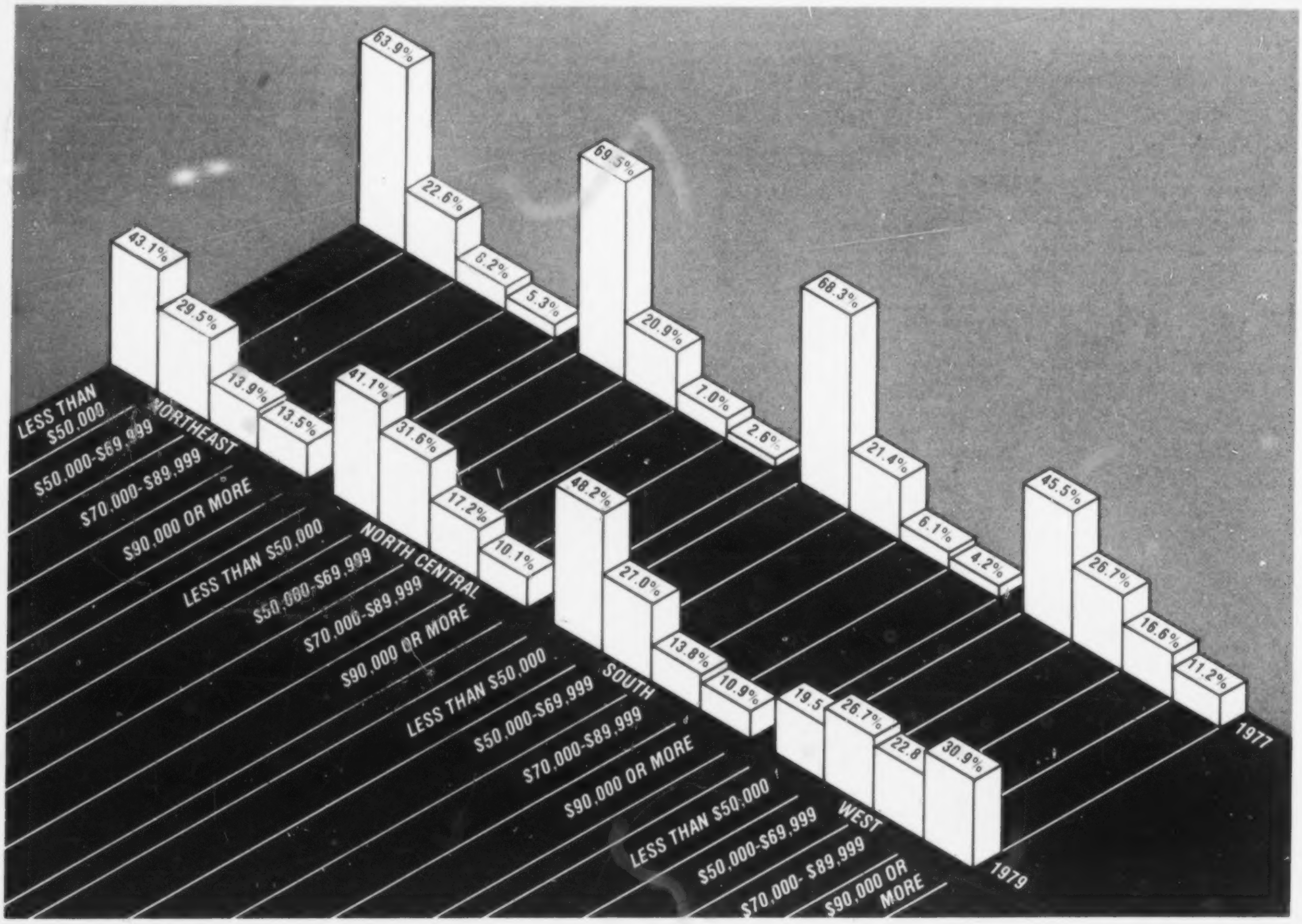
Note: For more detailed data, see Supplementary Table 3.6.
Source: U.S. League of Savings Associations.

As far as home prices are concerned, the West is the most expensive region. As Exhibit 3.6 shows, homes purchased in the West had a median price of $73,000, compared to $52,000 to $55,000 in the rest of the country.

The West also led the nation in increases in home prices between 1977 and 1979. The median home price in the West increased at an annual rate of 17.4% between 1977 and 1979, going from $53,000 to $73,000. The annual rate of increase in home prices in other regions was 12.6% in the South, 10.7% in the Northeast and 16% in the north central region.

It should be noted, however, that California home prices clearly pull

EXHIBIT 3.6: *Price of homes purchased, by region*



Note: For more detailed data, see Supplementary Table 3.7.
Source: U.S. League of Savings Associations.

	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
	1979	1977	1979	1977	1979	1977	1979	1977
Median	$53,900	$44,000	$55,000	$40,900	$52,000	$41,000	$73,000	$53,000
Annual increase	10.7%		16.0%		12.6%		17.4%	

Source: U.S. League of Savings Associations.

up the regional average. Home buyers in other western states don't face the high home prices which typify many of the housing markets in California. Still, the majority of western home buying activity is occurring in California.

Monthly housing expenses, as depicted in Exhibit 3.7, mirror the pattern of regional home prices. Median monthly housing costs in the West were $676, compared to between $506 and $521 in the other three regions. Monthly housing expenses grew fastest in the north central region, however, increasing from $355 in 1977 to $520 in 1979, an annual rate of 21%. The annual rate of increase in other regions was 14.1% in the South, 15% in the Northeast and 17.9% in the West.

The composition of housing expense does hold some interesting comparisons in two areas. With respect to utilities, home buyers in the Northeast, because of heating costs, and home buyers in the South, because of cooling costs, tend to face the highest monthly utility expenses.

With respect to taxes, home buyers in the South appeared to have the lowest tax bills. Interestingly, despite the substantially higher home prices in the West, real estate taxes were actually below those in the Northeast. In large part this is a result of the impact of Proposition 13, which acted to restrict property taxes in California. Other factors also are important in explaining differences in property tax payments across the nation, such as different schedules for reassessing property and the relative importance of property taxation in the overall tax scheme of various localities, which in many cases includes sales and income taxes.

How They Afforded Their Purchase

Although home buyers in all regions made extensive use of low downpayment mortgages, more buyers in the West made a downpayment of less than 20%. These regional statistics are shown in Exhibit 3.8. In the West, 46.5% of all home buyers made a downpayment of less than 20%, and most of these were repurchasers making a downpayment between 10% and 20%. The percentage of home buyers in other regions making a less than 20% downpayment was 43% in the South, 42% in the north central region, and 38% in the Northeast.

When comparisons are made to 1977, 1979 home buyers in the Northeast and especially in the West relied increasingly on mortgages requiring downpayments of less than 20%. The percentage of home buyers in the Northeast making a downpayment of less than 20% increased from 29.6% in 1977 to 38% in 1979, while in the West the percentage just about doubled, from 23.9% in 1977 to 46.5% in 1979.

The extent to which home buyers are sacrificing for homeownership is evident in the portion of their total household income they devote to housing expenses. This is shown in Exhibit 3.9. An incredible 54.2% of home buyers in the West in 1979 spent more than one-quarter of their income on housing expenses. This compares with 41.1% of southern home buyers, 44.4% of north central home buyers and 41.9% of north-

EXHIBIT 3.7: *Median monthly housing expense for home buyers, by region*

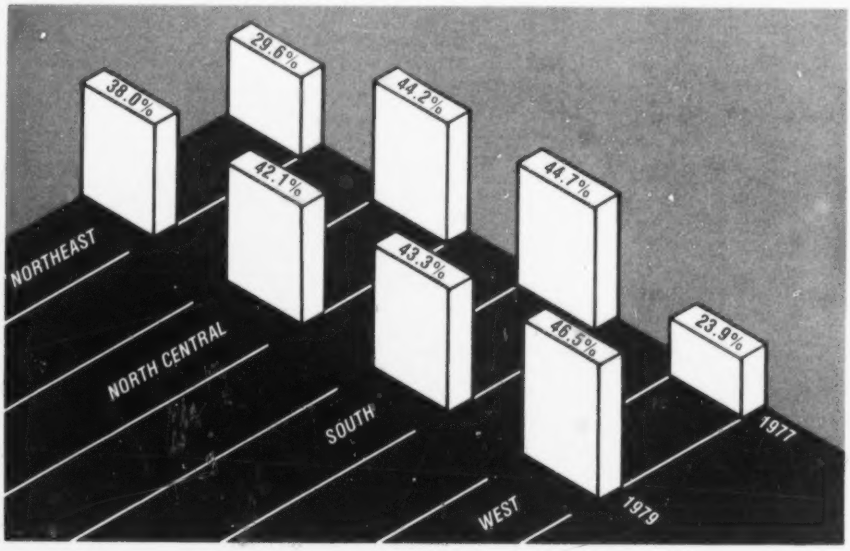
	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
ITEM	1979	1977	1979	1977	1979	1977	1979	1977
Mortgage payment	$358	$250	$375	$238	$367	$268	$533	$349
Real estate tax	71	68	60	46	39	30	65	72
Utilities	80	65	70	60	80	75	60	50
Hazard insurance	12	11	15	11	20	16	18	15
Total	$521	$394	$520	$355	$506	$389	$676	$486
Annual increase	15.0%		21.0%		14.1%		17.9%	

Note: For more detailed data, see Supplementary Table 3.8.
Source: U.S. League of Savings Associations.

eastern home buyers. Fully 30.3% of the home buyers in the West have housing expenses amounting to more than 30% of income—over one and one-half times the percentage of home buyers incurring this level of housing expenses in the South, the next highest region.

The extent to which western home buyers are stretching their budgets is consistent with both the higher level and more rapid escalation of home prices in that region. This suggests that the investment advantages of homeownership have convinced many buyers that it is worthwhile to sacrifice current disposable income in the short run in order to benefit from capital appreciation over the long run. Many people are also buying now, even if budgets must be stretched, in anticipation of higher prices in the future which might put ownership beyond their reach.

EXHIBIT 3.8: *Home buyers making a downpayment of less than 20%, by region*



Note: For more detailed data, see Supplementary Table 3.9.
Source: U.S. League of Savings Associations.

Summary

Housing markets vary substantially from region to region in the United States. Home buyers in both the South and the West have been facing dynamic housing markets. Home prices in the West have reached higher levels and have increased at a faster rate than in any other region. These higher prices mean much higher monthly housing expenses for western home buyers, which in turn means that these buyers must spend substantially more of their income on housing than home buyers in other regions. These factors have also contributed to the relative popularity of condominiums in the West. More moderate construction and land costs have helped southern home buyers purchase more new homes than buyers in other regions and yet keep the lowest home prices and housing expenses. In the northeast and north central regions more mature housing markets abound, allowing home buyers to take advantage of the more moderately priced stocks of existing housing units.

EXHIBIT 3.9: *Housing expense/income ratio for home buyers, by region*

HOUSING EXPENSE AS A PERCENTAGE OF HOUSEHOLD INCOME	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
	1979	1977	1979	1977	1979	1977	1979	1977
20.0% or less	30.2%	32.2%	27.4%	36.8%	33.0%	35.5%	24.8%	30.9%
20.1%-25.0%	27.9%	27.5%	28.1%	27.7%	25.9%	27.9%	21.0%	29.0%
25.1%-30.0%	26.0%	27.8%	26.0%	21.1%	22.4%	22.3%	23.9%	23.9%
30.1% or more	15.9%	12.5%	18.4%	14.4%	18.7%	14.3%	30.3%	16.3%

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.1: *Age of borrowers, by region*

	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
AGE (IN YEARS)	1979	1977	1979	1977	1979	1977	1979	1977
24 or less	10.4%	11.5%	14.0%	15.6%	9.0%	10.2%	7.1%	7.2%
25-29	25.7%	25.5%	27.1%	30.1%	21.0%	21.5%	19.1%	20.5%
30-34	22.7%	21.9%	21.6%	21.2%	21.1%	21.9%	21.4%	22.6%
35-39	14.5%	13.2%	13.8%	11.6%	13.9%	12.6%	16.1%	14.6%
40-49	15.9%	16.5%	13.5%	13.2%	17.0%	17.5%	19.7%	19.1%
50-59	8.4%	9.2%	8.0%	6.7%	12.7%	10.1%	10.8%	11.7%
60 or more	2.4%	2.2%	1.9%	1.7%	5.4%	6.1%	5.7%	4.3%
Median (in years)	32	32	31	30	34	33	35	35

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.2: *Household size of home buyers, by region*

	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
NUMBER IN HOUSEHOLD	1979	1977	1979	1977	1979	1977	1979	1977
One	21.5%	13.2%	19.4%	12.6%	13.4%	12.1%	22.6%	15.8%
Two	33.2%	32.1%	30.7%	33.7%	36.7%	32.6%	31.5%	30.5%
Three	16.1%	19.5%	18.9%	18.7%	19.8%	18.7%	17.6%	16.8%
Four	18.5%	21.6%	19.0%	19.8%	20.9%	23.5%	17.6%	23.0%
Five or more	10.7%	13.5%	12.0%	15.1%	9.2%	13.1%	10.6%	13.8%

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.3: *Income of home buyers, by region*

	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
ANNUAL HOUSEHOLD INCOME	1979	1977	1979	1977	1979	1977	1979	1977
Less than $15,000	5.8%	15.3%	7.0%	17.0%	10.8%	17.7%	5.1%	9.6%
$15,000-$19,999	15.4%	21.9%	16.3%	27.1%	16.1%	23.4%	9.1%	17.5%
$20,000-$24,999	20.1%	21.6%	20.8%	23.7%	18.4%	22.1%	13.5%	19.5%
$25,000-$34,999	30.8%	21.8%	33.4%	20.6%	27.0%	19.3%	29.4%	30.1%
$35,000-$44,999	13.6%	7.3%	14.0%	4.8%	12.9%	7.0%	17.3%	10.5%
$45,000 or more	14.2%	12.2%	8.4%	6.7%	14.9%	10.5%	25.6%	12.8%
Median	$27,597	$22,794	$26,499	$21,177	$26,874	$21,780	$32,106	$25,830

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.4: *Second income as a percentage of total income for home buyers, by region*

SECOND INCOME AS PERCENTAGE OF TOTAL HOUSEHOLD INCOME*	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
	1979	1977	1979	1977	1979	1977	1979	1977
Less than 10.0%	39.8%	52.3%	46.0%	52.8%	51.3%	54.0%	45.0%	52.3%
10.0%-19.9%	8.0%	5.6%	5.8%	5.6%	5.0%	5.3%	6.9%	4.9%
20.0%-29.9%	10.1%	9.1%	11.9%	10.1%	11.3%	10.0%	12.0%	10.5%
30.0%-39.9%	18.0%	14.3%	17.4%	15.7%	15.2%	15.3%	16.8%	14.9%
40.0%-50.0%	24.0%	18.8%	19.0%	15.8%	17.3%	15.3%	19.4%	17.3%

Includes only households with two adults.

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.5: *Net worth of home buyers, by region*

HOUSEHOLD NET WORTH	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
	1979	1977	1979	1977	1979	1977	1979	1977
Less than $15,000	13.7%	25.3%	21.7%	33.6%	13.0%	29.3%	9.6%	11.9%
$15,000-$24,999	13.9%	18.8%	13.9%	20.6%	12.5%	16.5%	8.8%	13.9%
$25,000-$49,999	25.5%	25.3%	24.3%	24.2%	22.0%	23.2%	16.2%	24.8%
$50,000-$74,999	14.3%	10.6%	15.2%	10.2%	14.9%	12.3%	14.0%	13.8%
$75,000-$99,999	8.9%	6.3%	8.5%	4.6%	9.9%	4.8%	10.2%	9.1%
$100,000 or more	23.7%	13.8%	16.4%	6.8%	27.7%	14.0%	41.2%	26.4%
Median	$45,900	$28,043	$38,990	$22,441	$54,194	$29,135	$78,813	$49,032

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.6: *Age of homes purchased, by region*

AGE OF HOME (IN YEARS)	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
	1979	1977	1979	1977	1979	1977	1979	1977
30 or more	31.6%	26.1%	26.4%	27.9%	11.9%	10.7%	17.9%	16.4%
25-29	5.0%	6.3%	7.1%	6.6%	5.1%	4.3%	7.8%	7.1%
20-24	6.6%	7.1%	8.6%	8.2%	4.5%	5.7%	7.8%	8.6%
15-19	7.9%	8.5%	7.7%	10.0%	5.8%	7.4%	8.4%	7.2%
10-14	6.5%	8.0%	7.2%	8.0%	7.4%	8.5%	6.0%	9.6%
5-9	6.9%	8.9%	8.9%	9.1%	8.0%	11.5%	9.4%	11.9%
1-4	9.5%	8.8%	13.3%	11.6%	11.2%	16.1%	13.9%	15.0%
New	26.0%	26.2%	20.8%	18.5%	46.0%	35.8%	28.8%	24.2%
Median (in years)	17	13	15	16	3	4	9	9

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.7: *Price of homes purchased, by region*

	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
PRICE	1979	1977	1979	1977	1979	1977	1979	1977
Less than $30,000	11.6%	16.1%	9.9%	24.5%	15.4%	21.3%	3.4%	10.3%
$30,000-$49,999	31.5%	47.8%	31.2%	45.0%	32.8%	47.0%	16.1%	35.2%
$50,000-$69,999	29.5%	22.6%	31.6%	20.9%	27.0%	21.4%	26.7%	26.7%
$70,000-$89,999	13.9%	8.2%	17.2%	7.0%	13.8%	6.1%	22.8%	16.6%
$90,000 or more	13.5%	5.3%	10.1%	2.6%	10.9%	4.2%	30.9%	11.2%
Median	$53,900	$44,000	$55,000	$40,900	$52,000	$41,000	$73,000	$53,000

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.8: *Monthly housing expense for home buyers, by region*

	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
MONTHLY HOUSING EXPENSE	1979	1977	1979	1977	1979	1977	1979	1977
$300 or less	6.1%	14.5%	5.6%	27.5%	9.9%	21.9%	2.5%	8.4%
$301-$600	59.8%	73.8%	61.4%	66.0%	56.6%	68.4%	33.8%	60.7%
$601 or more	34.1%	11.7%	33.0%	6.5%	33.4%	9.7%	63.6%	30.9%
Median	$521	$394	$520	$355	$506	$389	$676	$486

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 3.9: *Downpayment as a percentage of purchase price for home buyers, by region*

	NORTHEAST		NORTH CENTRAL		SOUTH		WEST	
DOWNPAYMENT	1979	1977	1979	1977	1979	1977	1979	1977
10.0% or less	16.6%	12.5%	16.7%	17.9%	20.6%	16.1%	13.9%	11.3%
10.1%-19.9%	21.4%	17.1%	25.4%	26.3%	22.7%	28.6%	32.7%	12.6%
20.0% or more	62.0%	70.4%	57.8%	55.8%	56.7%	55.3%	53.5%	76.1%

Source: U.S. League of Savings Associations.

Home Buyers, by City Size

City Size Highlights

Housing markets in large metropolitan areas are attracting a large proportion of single home buyers and home buyers with small households…

- *26% of all home buyers in large cities were single.*
- *53% of all large city home buyers had households with only one or two members.*

Home prices in large cities averaged significantly higher than home prices elsewhere…

- *The median home purchase price in large cities was $67,000, compared to $54,000 in medium-size cities and $49,000 in small cities.*
- *Only about one-quarter of the homes purchased in large cities were priced less than $50,000, whereas 43% of the homes purchased in medium-size cities and 53% of the homes purchased in small cities were priced less than $50,000.*

…and are growing at a faster rate…

- *Prices for homes in large cities increased at a faster annual pace (16.3%) than home prices in medium-size cities (12.2%) and small cities (14.8%).*

Monthly housing costs are also higher and growing faster in large cities…

- *The median monthly housing expense for home buyers in large cities totaled $617. In medium-size cities the median monthly housing expense totaled $519, while in small cities it totaled $470.*
- *Between 1977 and 1979, monthly housing expenses grew at an annual rate of 18.1% in large cities, 16.6% in medium-size cities and 15.7% in small cities.*

Condominiums represent a fast-growing, moderately priced housing alternative for large city home buyers…

- *15% of all large city home buyers in 1979 purchased a condominium unit, compared to 10% in medium-size and 5% in small cities.*
- *40% of these large city condominiums were priced at less than $50,000.*

The existing housing stock in large cities is crucial to the preservation of moderately priced home purchase opportunities for home buyers…

- *31% of all homes purchased in large cities were 25 or more years old.*
- *These older homes were typically priced at less than $50,000.*

Housing markets in small cities provide a greater opportunity for households with moderate incomes to purchase single-family homes…

- *The median annual income of home buyers in small cities in 1977 was $24,714, 18.6% less than the median income of home buyers in large cities.*
- *31% of all home buyers in small cities had a household income of less than $20,000.*
- *The typical purchase price of a home in small cities in 1979 was $48,779.*

HOME BUYERS, BY CITY SIZE, 1979

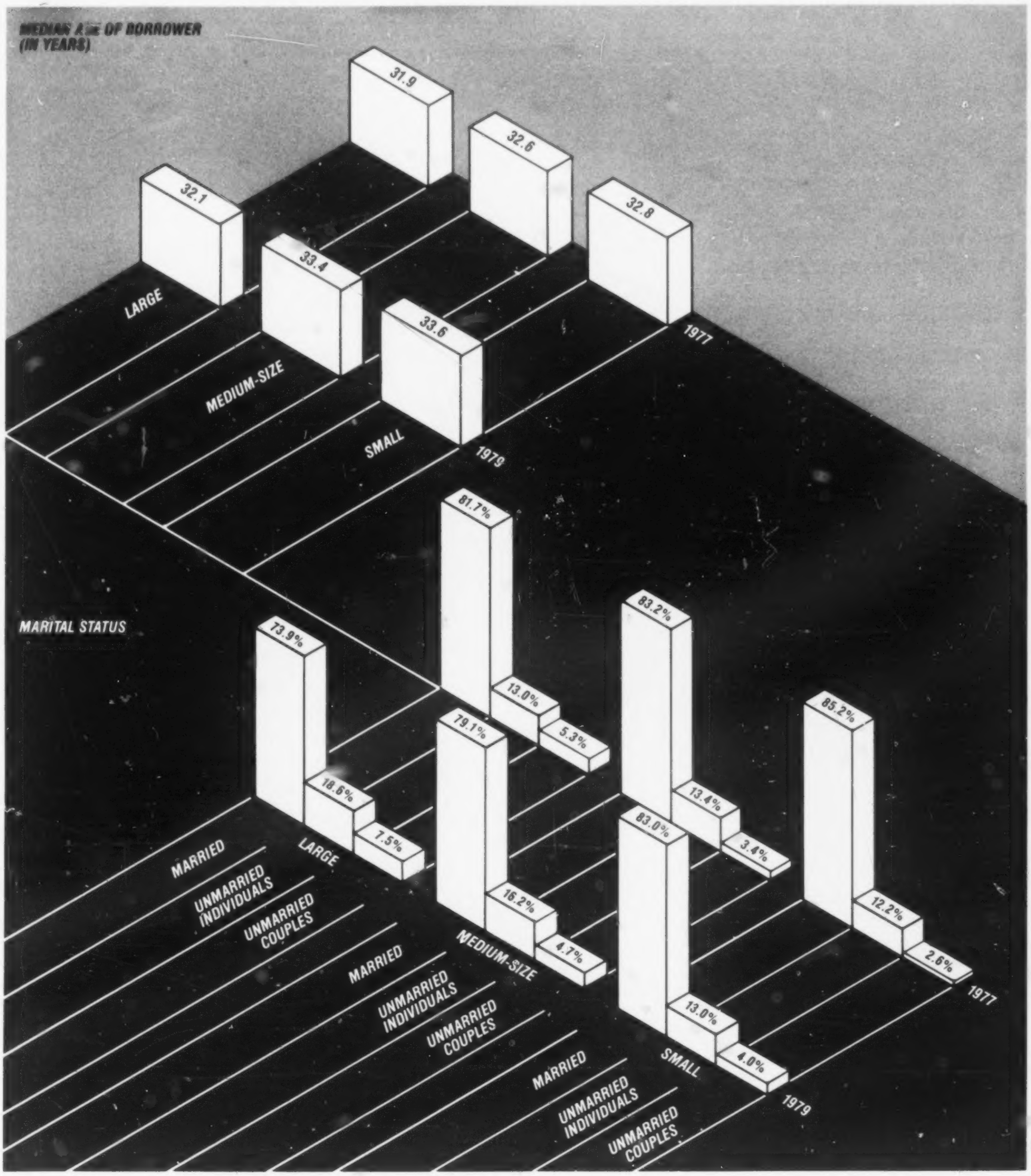
Statistical Profile at a Glance

	LARGE CITIES	MEDIUM-SIZE CITIES	SMALL CITIES
Who They Were			
A Demographic Profile			
Median age	32 yrs.	33 yrs.	34 yrs.
Unmarried	26.1%	20.9%	17.0%
One- and two-person households	52.8%	53.2%	48.9%
An Economic Profile			
Median household income	$30,354	$27,310	$24,714
*Importance of second income**	57.8%	50.9%	50.3%
Median household net worth	$56,800	$51,200	$46,950
First-time Buyers	18.5%	17.9%	16.3%
What They Purchased...			
Condominiums	14.7%	9.8%	5.3%
New homes	26.6%	32.8%	36.5%
Homes 25 or more years old	30.5%	25.9%	23.4%
...and Its Cost			
Median purchase price	$67,000	$54,000	$48,779
Median downpayment	$15,532	$10,507	$ 9,600
Median total monthly housing expense	$617	$519	$470
Mortgage payment	$452	$381	$345
Real estate taxes	$ 72	$ 48	$ 40
Utilities	$ 75	$ 75	$ 70
Hazard insurance	$ 18	$ 15	$ 15
How They Afforded Their Purchase			
Less than 20% downpayment	40.3%	45.4%	45.0%
Housing expense exceeding 25% of household income	49.8%	42.9%	40.8%

**Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.*

Source: U.S. League of Savings Associations.

EXHIBIT 4.1: *Home buyer demographics, by city size*



Source: U.S. League of Savings Associations.

CHAPTER FOUR

Home Buyers, by City Size

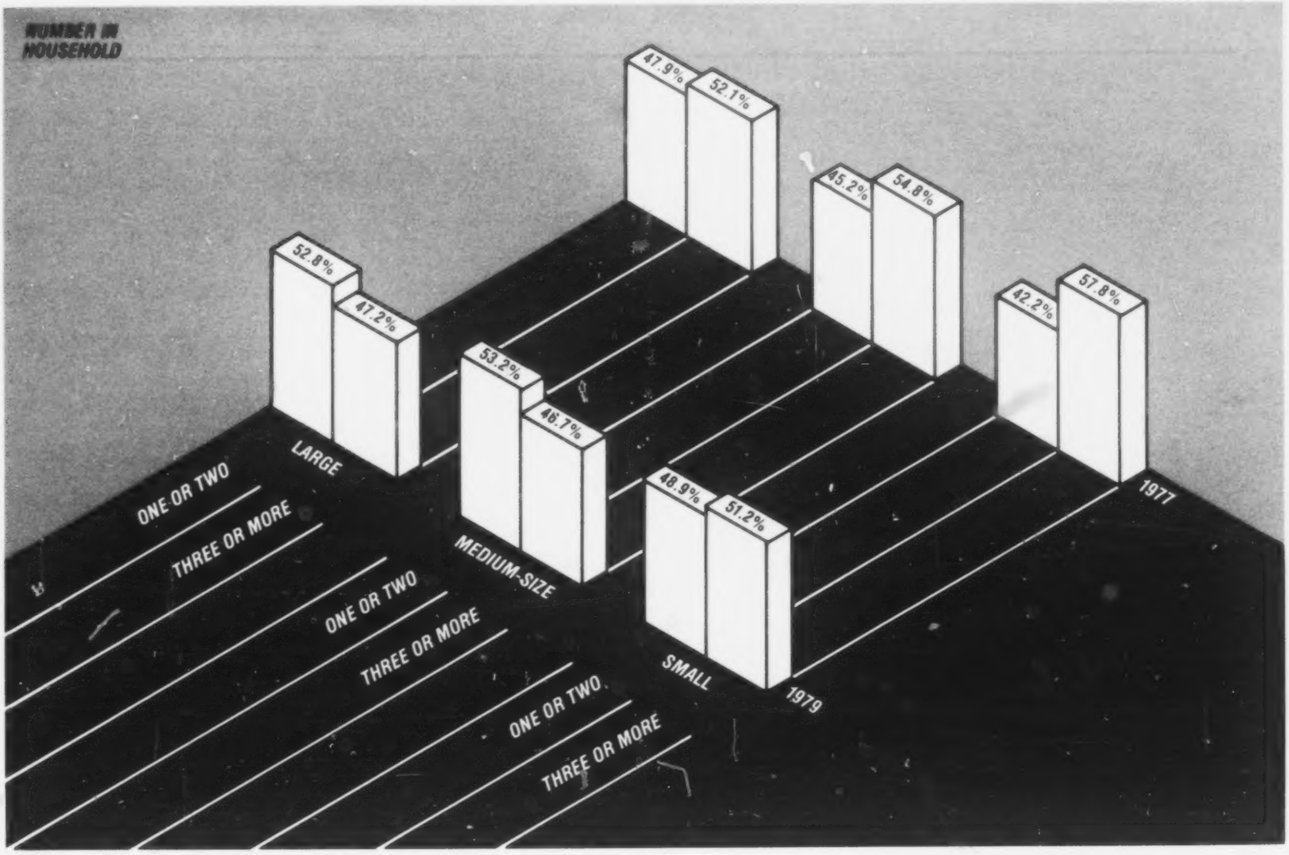
A fundamental feature of our nation's housing markets is their local character. Unlike other durable goods, homes are not transportable. As a result, housing availability and costs differ substantially across the country. The general demographic makeup, the character of the economic base, and the mix and availability of the housing stock all help explain the significant differences in home prices and buyer characteristics that exist in our differing housing environments.

Who They Were

Few discernable differences exist in the age of home buyers in cities of different size. However, the demographic profile makes it clear that the percentage of single home buyers and home buyers with small households does tend to increase with the size of the city. These characteristics are pointed out in Exhibit 4.1. Singles accounted for 26.1% of all home buyers in large cities, while making up 20.9% of the home buyers in medium-size cities and only 17% of the home buyers in small cities. For associated reasons, the percentage of home buyers with households of only one or two members varied from approximately 53% in large and medium-size cities to 49% in small cities.

The aggregation of singles in large cities is associated with a number of things: the concentration of centers for higher education and vocational training, the concentration of employment for young professionals and, perhaps, a lifestyle many singles and young couples may find preferable.

EXHIBIT 4.1: *(continued)*



Note: For more detailed data, see Supplementary Tables 4.1 and 4.2.
Source: U.S. League of Savings Associations.

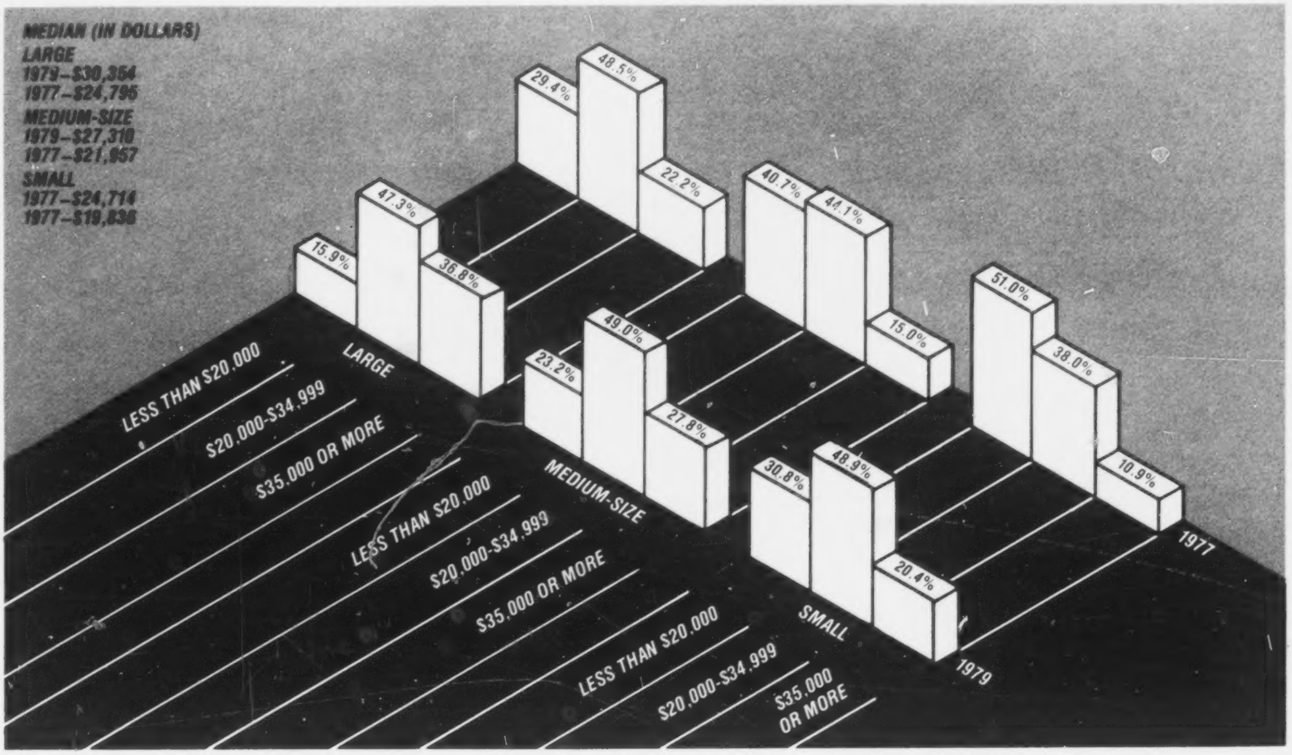
The proportion of singles in the home buying market in 1979 shows a substantial increase over 1977, especially in large cities. The percentage of single home buyers was up 43% in large cities, 24% in medium-size cities and 15% in small cities. Several factors may well explain the increased incidence of home buying by singles in 1979: The investment characteristics of homeownership remained attractive, while both new and converted condominium units were increasingly available.

A general comparison by city size of the economic characteristics of home buyers tends to reflect the generally higher cost of living and in particular the higher housing prices confronting large city households. Exhibit 4.2 shows that in 1979 the median income of large city home buyers was $30,354, 23% higher than the $24,714 median income of small city home buyers, and 10% higher than the $27,310 median income of home buyers in medium-size cities. Twice as many households with incomes below $20,000 purchased a home in a small city (30.8%) as purchased a home in a large city (15.9%).

Second income was also more crucial to big city home buyers, as shown in Exhibit 4.3. Considering those households where two adults were present, a second income contributed more than 20% of total household income for 51% of all big city home buyers, as opposed to 44% to 46% in small and medium-size cities.

Several factors may have combined to cause this. Opportunities for second earners may be greater in large urban areas, two-earner families may be more typical of young marrieds and single couples and, of course, a second income may simply be more urgently required to offset the higher living costs in large cities.

EXHIBIT 4.2: *Annual household income of home buyers, by city size*

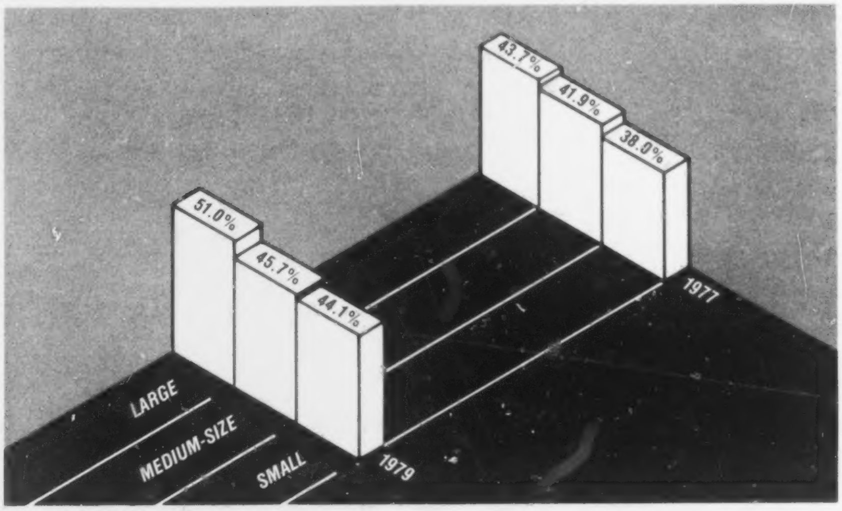


Note: For more detailed data, see Supplementary Table 4.3.
Source: U.S. League of Savings Associations.

The net worth of home buyers was also positively related to city size. Exhibit 4.4 shows that the median net worth of home buyers was $56,800 in large cities, $51,200 in medium-size cities, and $46,950 in small cities.

The absolute size of these net worth figures reflects the repurchaser status of most of these home buyers, while the relative difference in net worth by city size primarily reflects the income differential, which has already been noted, as well as the generally higher home prices in larger cities, which boosts repurchaser equity in these areas.

EXHIBIT 4.3: *Importance of second income to home buyers, by city size**

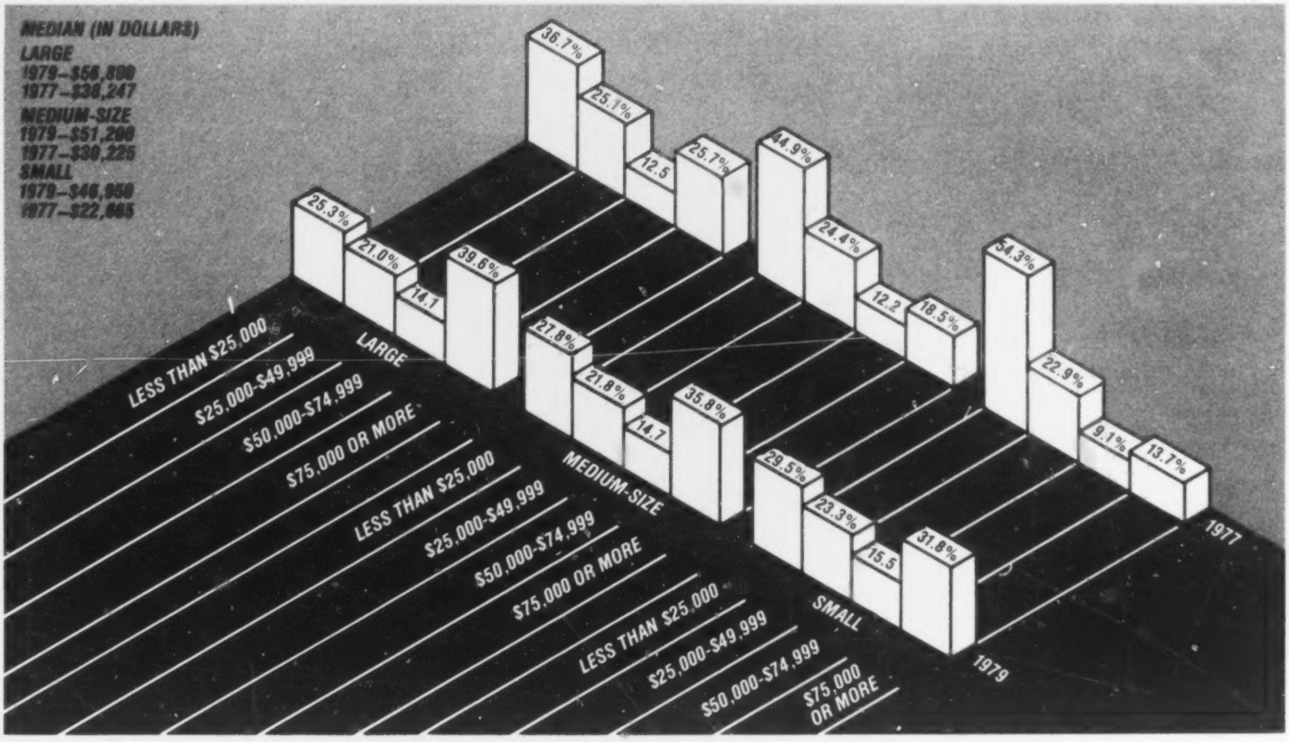


**Percentage of households with two adults in which income contributed by a second earner accounted for 20% or more of total household income.*

Note: For more detailed data, see Supplementary Table 4.4.

Source: U.S. League of Savings Associations.

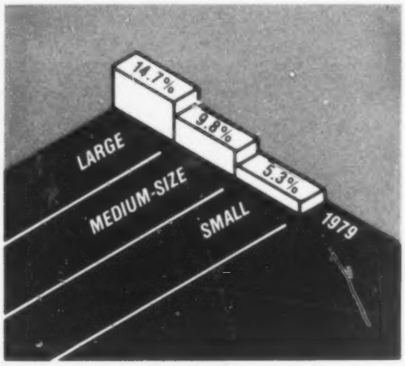
EXHIBIT 4.4: *Net worth of home buying households, by city size*



Note: For more detailed data, see Supplementary Table 4.5.

Source: U.S. League of Savings Associations.

EXHIBIT 4.5: *Condominiums as a percentage of homes purchased, by city size, 1979*



Source: U.S. League of Savings Associations.

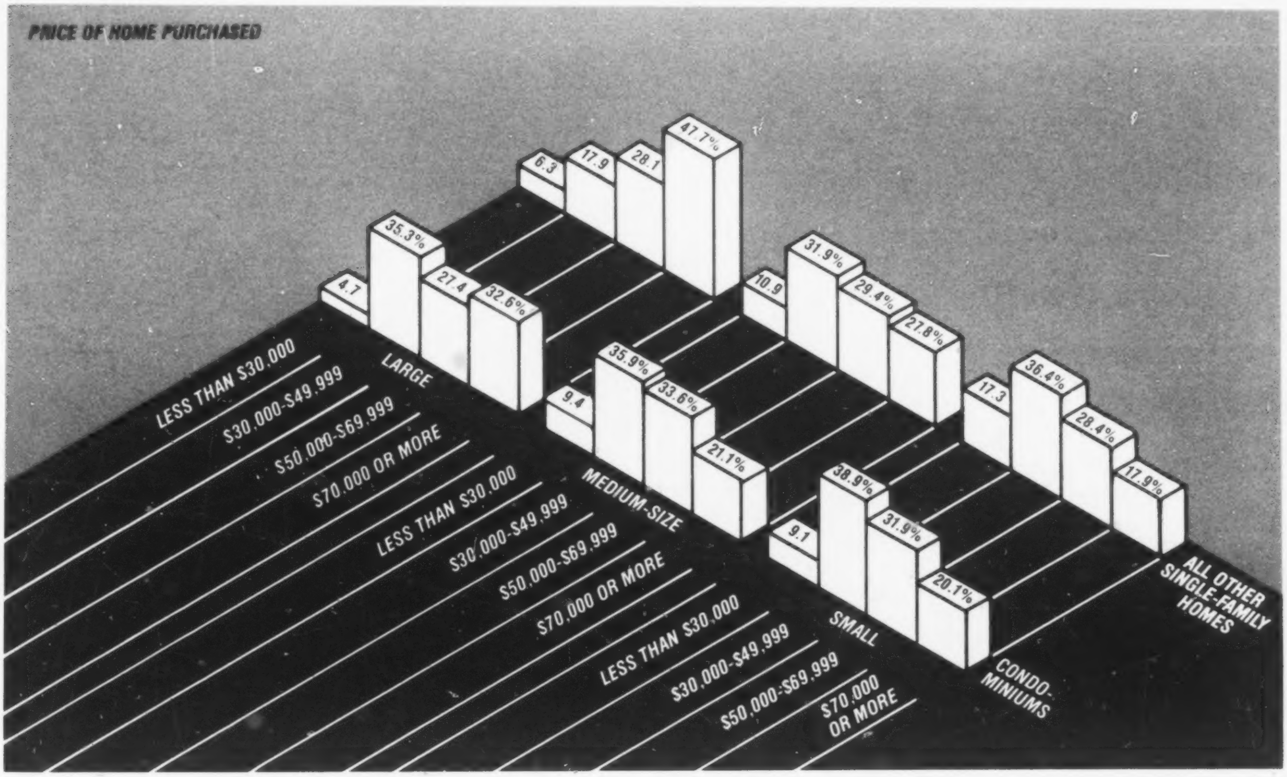
What They Purchased and Its Cost

As previously noted, in higher priced housing markets such as large cities, condominiums represent a growing and important moderately priced alternative to other types of single-family housing. The demographic profile of large city populations, coupled with the economic impossibility of constructing and maintaining profitable rental housing in many of these areas, may also help to explain the increasing importance of the condominium market in large cities.

In 1979, nearly 15% of all home buyers in large cities purchased condominium units, while condominium purchasers accounted for 9.8% of all home buyers in medium-size cities and only 5.3% in small cities (Exhibit 4.5).

As shown in Exhibit 4.6, in large cities, 35.3% of the condominiums purchased were priced between $30,000 and $50,000, while only 17.9% of all other single-family homes were in this price range. The relative price advantage of condominium units virtually disappears

EXHIBIT 4.6: *Condominiums and other single-family homes purchased, by price category and city size, 1979*

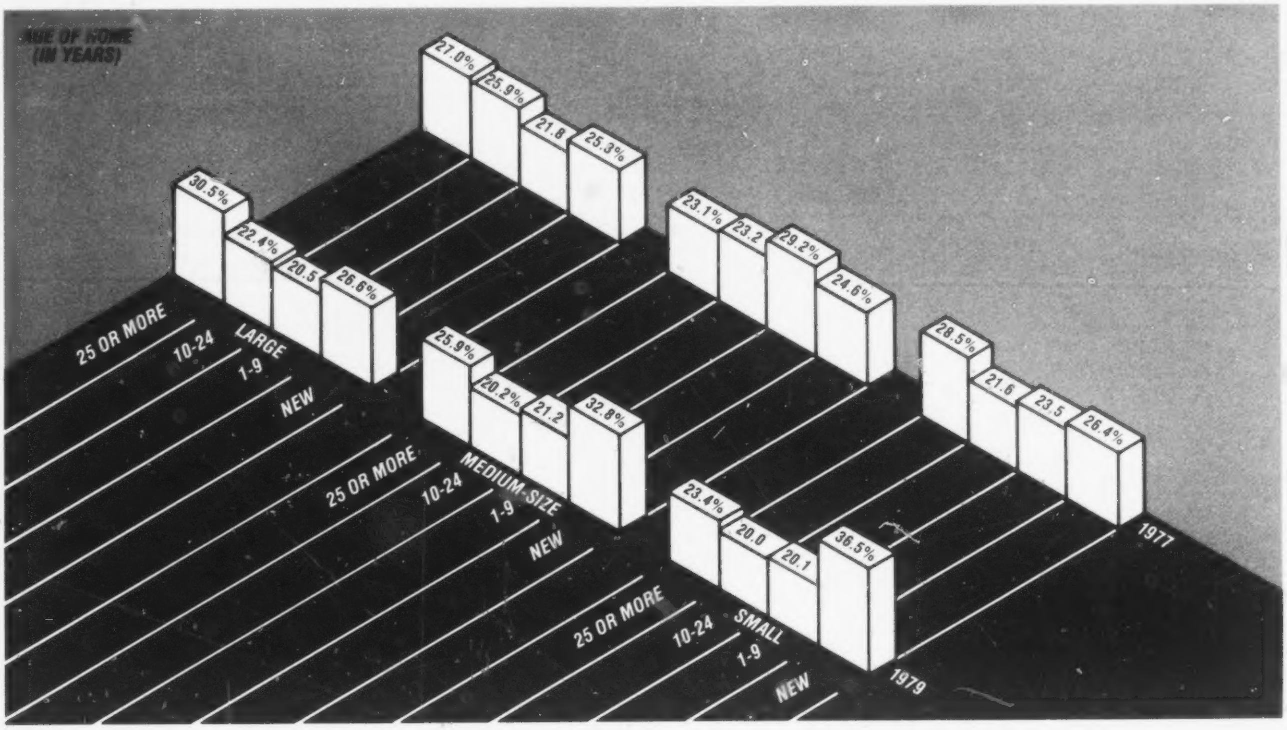


Source: U.S. League of Savings Associations.

in smaller cities, however; a similar percentage of both condominium and other single-family units purchased were in the $30,000-to-$50,000 price range.

Concerning the age of homes purchased, home buyers in large cities bought a smaller percentage of new homes and a larger percentage of homes 25 or more years old than did buyers in medium-size and small cities. Exhibit 4.7 shows that nearly 31% of all big city purchases in 1979 were of homes 25 or more years old. Maintenance of the stock of older houses, rather than abandonment by current owners, is crucial if a supply of moderately priced housing is to remain available to urban buyers. In smaller cities, on the other hand, where the turnover rate of homes is slower and the price of land is usually less than in larger metropolitan areas, a higher percentage of buyers purchased a new home. The percentage buying a new home in 1979 was 36.5% in small cities, 32.8% in medium-size cities and 26.6% in large cities.

EXHIBIT 4.7: *Age of homes purchased, by city size*



Note: For more detailed data, see Supplementary Table 4.6. Source: U.S. League of Savings Associations.

EXHIBIT 4.8: *Median price of homes purchased, by city size*

	LARGE	MEDIUM-SIZE	SMALL
1979	$67,000	$54,000	$48,779
1977	$49,500	$42,900	$37,000
Annual increase	16.3%	12.2%	14.8%

Note: For more detailed data, see Supplementary Table 4.7.
Source: U.S. League of Savings Associations.

For the same reasons, the purchase prices which are shown in Exhibit 4.8 are directly related to city size. The median price was $48,779 in small cities, $54,000 in medium-size cities and $67,000 in large cities.

In addition, home buyers in large cities were subjected to a more rapid increase in home prices. The median home price in large cities grew at an annual rate of 16.3% between 1977 and 1979, compared to 14.8% in small cities and 12.2% in medium-size cities.

One must be careful in making generalizations about purchase prices in large cities, however. Prices paid by home buyers in a number of large northeastern cities were considerably below prices paid by large city home buyers in other regions. The availability of both a large stock of existing housing and a supply of moderately priced condominiums and townhouses helped to keep down average housing prices in these cities.

The total monthly housing expenses confronting home buyers in 1979 were, as expected, highest in large cities and lowest in small cities (Exhibit 4.9). Typical monthly expenses totaled $617 in large cities, $519 in medium-size cities and $470 in small cities. Monthly housing costs also increased at a faster rate in relation to city size, advancing at an annual rate of 18.1% in large cities, 16.6% in medium-size cities and 15.7% in small cities.

These differences were directly related to the higher home prices and resulting higher mortgage payments encountered as city size increased. As we see in Exhibit 4.9, the other components of housing cost varied little by city size, except for property taxes. Monthly tax payments varied from $40 in small cities to $48 in medium-size cities and $72 in large cities.

EXHIBIT 4.9: *Median monthly housing expense for home buyers, by city size*

	LARGE		MEDIUM-SIZE		SMALL	
ITEM	1979	1977	1979	1977	1979	1977
Mortgage payment	$452	$299	$381	$264	$345	$245
Real estate tax	72	70	48	45	40	33
Utilities	75	60	75	60	70	60
Hazard insurance	18	13	15	13	15	13
Total	$617	$442	$519	$382	$470	$351
Annual increase	18.1%		16.6%		15.7%	

Note: For more detailed data, see Supplementary Table 4.8.

Source: U.S. League of Savings Associations.

How They Afforded Their Purchase

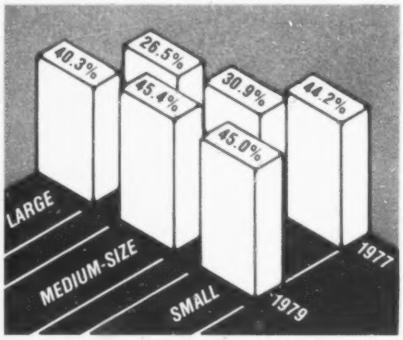
Home buyers in larger cities tended to pay a slightly greater percentage of the purchase price as a downpayment. As shown in Exhibit 4.10, 40% of home buyers in large cities made a downpayment of less than 20%, compared to about 45% of all home buyers in other size cities. Compared to 1977, an increasing percentage of home buyers in both large and medium-size cities in 1979 were able to make less than a 20% downpayment. The percentage of home buyers making less than a 20% downpayment increased from 26.5% to 40.3% in large cities and from 30.9% to 45.4% in medium-size cities. In small cities the percentage of home buyers making less than a 20% downpayment remained at approximately 45%.

Notwithstanding these higher downpayments, total housing costs forced large city home buyers to stretch their budgets considerably more than home buyers in other cities, as shown in Exhibit 4.11. Almost one-half of all large city home buyers spent more than 25% of their income on housing expenses, whereas only about 43% of the home buyers in medium-size cities and 41% of the home buyers in small cities spent more than 25% of their income on housing.

Summary

Home buyers in large cities are facing home prices and housing costs that are both higher and growing faster than they are in medium-size and small cities. Home buyers in these larger housing markets were found to rely heavily on a second income and on stretching their household budgets in order to make their home purchase. A significant percentage of these buyers also purchased condominium units.

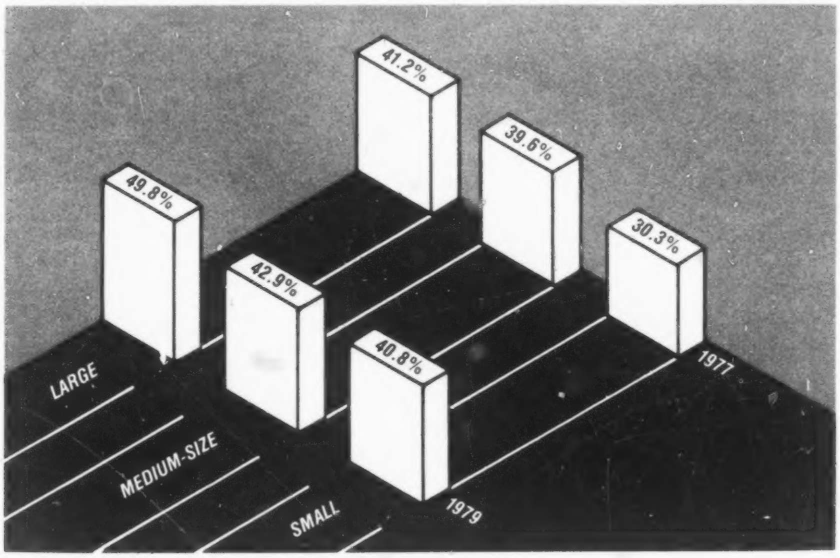
EXHIBIT 4.10: *Home buyers making a downpayment of less than 20%, by city size*



Note: For more detailed data, see Supplementary Table 4.9.

Source: U.S. League of Savings Associations.

EXHIBIT 4.11: *Home buyers spending more than 25% of household income on housing expense, by city size*



Note: For more detailed data, see Supplementary Table 4.10.

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.1: *Age of borrowers, by city size*

	LARGE		MEDIUM-SIZE		SMALL	
AGE (IN YEARS)	1979	1977	1979	1977	1979	1977
24 or less	9.3%	10.5%	11.3%	11.0%	10.6%	14.0%
25-29	23.2%	25.5%	22.3%	23.6%	23.9%	25.4%
30-34	22.2%	21.9%	20.9%	22.2%	21.3%	21.4%
35-39	16.0%	13.0%	13.8%	12.5%	12.6%	13.2%
40-49	17.1%	16.6%	16.5%	16.8%	15.4%	14.8%
50-59	9.2%	9.6%	10.0%	9.1%	11.8%	8.5%
60 or more	2.9%	3.0%	5.1%	4.8%	4.4%	2.8%
Median (in years)	32	32	33	32	34	33

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.2: *Household size of home buyers, by city size*

	LARGE		MEDIUM-SIZE		SMALL	
NUMBER IN HOUSEHOLD	1979	1977	1979	1977	1979	1977
One	22.5%	14.6%	17.4%	13.0%	13.9%	11.4%
Two	30.3%	33.3%	35.8%	32.2%	35.0%	30.8%
Three	17.2%	17.6%	19.2%	18.7%	19.5%	19.8%
Four	18.6%	21.1%	18.1%	22.7%	21.1%	22.0%
Five or more	11.4%	13.4%	9.4%	13.4%	10.6%	16.0%

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.3: *Income of home buyers, by city size*

ANNUAL HOUSEHOLD INCOME	LARGE		MEDIUM-SIZE		SMALL	
	1979	1977	1979	1977	1979	1977
Less than $15,000	4.6%	10.3%	7.6%	17.6%	12.5%	21.1%
$15,000-$19,999	11.3%	19.1%	15.6%	23.1%	18.3%	29.9%
$20,000-$24,999	15.9%	21.8%	18.6%	22.5%	21.8%	21.3%
$25,000-$34,999	31.4%	26.7%	30.4%	21.7%	27.1%	16.7%
$35,000-$44,999	16.9%	9.1%	14.0%	6.4%	10.8%	4.3%
$45,000 or more	19.9%	13.1%	13.8%	8.6%	9.6%	6.6%
Median	$30,354	$24,795	$27,310	$21,957	$24,714	$19,836

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.4: *Second income as a percentage of total income for home buyers, by city size*

SECOND INCOME AS PERCENTAGE OF TOTAL HOUSEHOLD INCOME*	LARGE		MEDIUM-SIZE		SMALL	
	1979	1977	1979	1977	1979	1977
Less than 10.0%	42.2%	50.6%	49.1%	53.4%	49.6%	56.3%
10.0%-19.9%	6.8%	5.6%	5.2%	4.7%	6.2%	5.7%
20.0%-29.9%	11.5%	10.0%	11.0%	10.3%	12.1%	9.4%
30.0%-39.9%	18.0%	15.5%	16.2%	14.8%	15.0%	14.8%
40.0%-50.0%	21.5%	18.2%	18.5%	16.8%	17.0%	13.8%

**Includes only households with two adults.*

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.5: *Net worth of home buyers, by city size*

HOUSEHOLD NET WORTH	LARGE		MEDIUM-SIZE		SMALL	
	1979	1977	1979	1977	1979	1977
Less than $15,000	13.9%	20.1%	15.0%	27.1%	16.4%	34.6%
$15,000-$24,999	11.4%	16.6%	12.8%	17.8%	13.1%	19.7%
$25,000-$49,999	21.0%	25.1%	21.8%	24.4%	23.3%	22.9%
$50,000-$74,999	14.1%	12.5%	14.7%	12.2%	15.5%	9.1%
$75,000-$99,999	9.2%	7.8%	9.5%	5.4%	9.7%	3.8%
$100,000 or more	30.4%	17.9%	26.3%	13.1%	22.1%	9.9%
Median	$56,800	$38,247	$51,200	$30,225	$46,950	$22,665

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.6: *Age of homes purchased, by city size*

AGE OF HOME (IN YEARS)	LARGE		MEDIUM-SIZE		SMALL	
	1979	1977	1979	1977	1979	1977
30 or more	23.3%	20.2%	19.7%	18.4%	18.4%	23.5%
25-29	7.2%	6.8%	6.2%	4.7%	5.0%	5.0%
20-24	7.8%	8.5%	6.4%	6.0%	5.9%	5.6%
15-19	8.1%	9.4%	6.6%	8.2%	7.1%	7.9%
10-14	6.5%	8.0%	7.2%	9.0%	7.0%	8.1%
5-9	8.3%	7.9%	8.8%	12.1%	8.1%	9.5%
1-4	12.2%	13.9%	12.4%	17.1%	12.0%	14.0%
New	26.6%	25.3%	32.8%	24.6%	36.5%	26.4%
Median (in years)	13	12	8	9	7	10

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.7: *Price of homes purchased, by city size*

PRICE	LARGE		MEDIUM-SIZE		SMALL	
	1979	1977	1979	1977	1979	1977
Less than $30,000	6.0%	11.4%	10.7%	21.3%	16.9%	29.1%
$30,000-$49,999	20.5%	39.5%	32.3%	44.7%	36.5%	50.9%
$50,000-$69,999	28.0%	27.0%	29.7%	22.3%	28.6%	15.2%
$70,000-$89,999	22.0%	13.7%	14.5%	7.9%	11.2%	3.0%
$90,000 or more	23.5%	8.5%	12.7%	3.8%	6.8%	1.8%
Median	$67,000	$49,500	$54,000	$42,900	$48,779	$37,000

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.8: *Monthly housing expense for home buyers, by city size*

MONTHLY HOUSING EXPENSE	LARGE		MEDIUM-SIZE		SMALL	
	1979	1977	1979	1977	1979	1977
$300 or less	3.3%	10.3%	6.7%	19.3%	11.1%	30.3%
$301-$600	41.9%	64.3%	57.7%	70.3%	63.6%	66.4%
$601 or more	54.8%	25.4%	35.5%	10.4%	25.3%	3.3%
Median	$617	$442	$519	$382	$470	$351

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.9: *Downpayment as a percentage of purchase price for home buyers, by city size*

	LARGE		MEDIUM-SIZE		SMALL	
DOWNPAYMENT	1979	1977	1979	1977	1979	1977
10.0% or less	15.3%	14.1%	17.6%	17.3%	20.1%	27.9%
10.1%-19.9%	25.0%	12.4%	27.8%	13.6%	24.9%	16.3%
20.0% or more	59.7%	73.5%	54.6%	69.0%	55.0%	55.8%

Source: U.S. League of Savings Associations.

SUPPLEMENTARY TABLE 4.10: *Housing expense/income ratio for home buyers, by city size*

	LARGE		MEDIUM-SIZE		SMALL	
HOUSING EXPENSE AS A PERCENTAGE OF HOUSEHOLD INCOME	1979	1977	1979	1977	1979	1977
20.0% or less	25.6%	31.2%	30.1%	34.1%	32.8%	38.4%
20.1%-25.0%	24.7%	27.6%	26.9%	26.3%	26.4%	31.3%
25.1%-30.0%	24.7%	24.6%	24.8%	25.5%	22.7%	19.0%
30.1% or more	25.1%	16.6%	18.1%	14.1%	18.1%	11.3%

Source: U.S. League of Savings Associations.

Policy Implications

Policy Highlights

The findings of the U.S. League's 1979 Home Buyer Survey suggest the following implications for national housing policy…

- *General inflationary pressures must be brought under control. It is imperative that a balanced set of fiscal and monetary policies be used to fight inflation. Anti-inflationary policies which rely solely on high interest rates are ineffective and unfairly thrust most of the burden of the battle against inflation onto the housing market.*
- *Our national housing goals are far from being fulfilled. The 1980s promise to bring a record number of first-time home buyers into the market. Special attention must be devoted to helping them gain access to the benefits of homeownership.*
    - *Emphasizing alternative mortgage instruments such as the graduated payment mortgage will help first-time buyers afford the purchase of a home.*
    - *Maintaining a consistent supply of mortgage credit is imperative, for when it shrinks, first-time buyers get squeezed out first.*
    - *Creating a special tax-free savings account is a vital factor in helping first-time buyers accumulate funds for their downpayment.*
- *Specialized mortgage lenders will prove crucial in the implementation of strategies designed to help the housing market and especially first-time buyers. Financial institution legislation must recognize and preserve the vital economic function served by specialized mortgage lenders.*
- *The nation must increase its efforts to preserve and rehabilitate the existing housing stock.*
- *We must remove unnecessary government regulations which add to the cost of building new homes and rehabilitating older ones.*
- *We must recognize the significance of condominiums in providing home buyers with moderate-cost alternatives in expensive housing markets. At the same time, due consideration must be given to renters who may be displaced by the conversion of existing units to condominium ownership or who wish to retain their units as homeowners.*
- *The nation must encourage saving through a system of tax incentives, both to allow first-time buyers to accumulate a downpayment and to increase the supply of mortgage funds available to all buyers from specialized mortgage lenders. Expanded tax incentives must be enacted as soon as possible.*

CHAPTER FIVE

Policy Implications

The findings of the U.S. League's most recent Home Buyer Survey clearly direct our attention toward the dilemma facing the first-time home buyer. It is shown that the first-time home buyer faces increased difficulty gaining access to the housing market in the inflationary environment that has characterized our economy since 1977. Not only are housing costs pushed upward in an inflationary environment, but household savings flows, the primary source of mortgage credit, are reduced as a result of inflation.

What emerges is a situation in which the home buyer faces higher downpayments and higher monthly housing expenses, while at the same time encountering a restricted flow of mortgage credit.

The situation confronting home buyers is growing increasingly alarming, as strong inflation shows every sign of continuing into the 1980s. Furthermore, trends in household formations and patterns of regional population migration and growth will be thrusting an increasing number of first-time home buyers into the housing market during the 1980s. Thus, the coming decade will severely test our ability to increase the rate of homeownership or even to preserve it at current levels. This chapter suggests a number of policies to lessen the impact of inflation on home buyers.

The nation must pursue policies which will reduce the impact of inflation on the housing market. They range from general economic policies such as bringing inflation under control and encouraging greater household saving, to policies specifically directed toward fostering residential construction and mortgage finance.

Controlling Inflation and Encouraging Saving

General inflationary pressures must be brought under control; otherwise all other solutions will merely constitute short-run cosmetics. It is imperative that a balanced set of fiscal and monetary policies be used to fight inflation. Anti-inflationary policies which rely solely on high interest rates are ineffective and unfairly thrust most of the burden of the battle against inflation onto the housing market.

Congress has recently taken action toward recognizing the importance of encouraging household savings through tax incentives. Unfortunately, the combination of a high rate of inflation and our progressive income tax structure produces substantial saving disincentives. People are encouraged to save by the prospect of receiving interest income in the future. Instead, they are faced with the certainty of paying increased tax on this income as inflation pushes them into higher tax brackets.

The insidious erosion of America's thrift-consciousness has reached unprecedented proportions. It must be halted. Tax incentives for saving include various types of tax exclusions, tax credits and income-splitting plans. Differences of opinion regarding the exact structure of these proposals must not be allowed to overshadow the need to implement even greater savings incentives as soon as possible. In fact, more than one type of savings incentive is necessary. Besides general tax incentives for saving, such as the exclusion from taxation of the first $200 ($400 on a joint income tax return) of interest income, we should encourage increased incentives for retirement savings through expanded IRA and Keogh plans. We should also aid first-time home buyers through tax breaks on savings accounts that are earmarked for the downpayment on a house.

Promoting Mortgage Financing

We should pursue policies which increase the ability of first-time home buyers to obtain mortgage financing. These policies include maintaining a consistent flow of mortgage credit and increased emphasis on alternative mortgage instruments.

Savings associations, the primary source of mortgage credit, must be able to provide an ongoing flow of mortgage funds to home buyers. This is especially important in view of the fact that interruptions in the supply of mortgage credit inevitably have a more damaging impact on first-time home buyers.

A consistent supply of mortgage credit requires that savings associations have a consistent inflow of savings as well as access to alternative sources of loanable funds. Thus, priority should be given to guarding the access of savings and loan associations to savings flows through maintaining a savings rate differential. Furthermore, there needs to be continual exploration and expansion of new ways in which associations can tap the capital markets.

The flow of mortgage credit is severely restricted whenever market mortgage rates rise above statutory usury ceilings. The higher downpayment and more rigorous underwriting requirements that occur when usury ceilings restrict mortgage rates always has an adverse impact on first-time home buyers. Although a new federal law overrides state usury ceilings on residential mortgages, it is expected that certain groups will seek state legislation to reinstate such ceilings, in spite of the way they choke off mortgage credit in times of higher interest rates. Individual states should be discouraged from pursuing this policy.

Increased emphasis must be placed on the further development and use of alternative mortgage instruments such as the graduated payment, variable rate and renegotiable rate mortgages. The graduated payment mortgage is intended to help first-time buyers tailor monthly mortgage payments more closely to anticipated growth in their income, while variable rate and renegotiable rate mortgages are likely to help keep mortgage funds flowing in a tight-money environment.

Although such alternative mortgage instruments have been authorized for savings associations nationwide, state laws in a number of states prevent or limit their use.

Fostering the Housing Market

Our nation must pursue policies which foster the ability of the private housing market to accommodate the swelling desire for homeownership. Such policies include: preservation and rehabilitation of the existing housing stock; elimination of arbitrary, expensive and counterproductive building and land use regulations; and recognition of the increased significance of condominiums to home buyers.

All home buyers will benefit if increased attention is given to the preservation and rehabilitation of our existing housing stock. First-time buyers can find affordable, liveable options in a large stock of existing homes, especially within urban areas, only if these homes are decently maintained. The maintenance and upgrading of our housing stock is an effort requiring full cooperation between the public and private sectors. Federal, state and local governments must work together in urban neighborhoods to provide an economic and social environment that is conducive to private investment.

Further efforts must be made to lower the cost of adding to our supply of housing. In many instances, building codes which vary from locality to locality can be standardized without sacrificing safety or quality. Various local land use regulations and zoning ordinances must be evaluated with a realistic understanding of their impact on the supply and cost of housing. Recognition must be given to the increased significance of condominiums to home buyers. Of course, due consideration should be given to the displacement of households when rental units are converted to condominiums. But it also is important to appreciate the role that condominiums play in providing moderately priced home purchase alternatives in high-cost housing markets.

Summary

The results of the U.S. League's 1979 Home Buyer Survey point toward several significant policies that would lessen the impact of inflation on the American home buyer. It is especially important to realize that the success of these policies is fundamentally dependent upon savings and loan associations, which are this nation's largest group of specialized mortgage lenders. Specialized mortgage lenders play a crucial role in the implementation of strategies designed to help the first-time home buyer. Policy makers and legislators need to recognize and preserve the vital economic function served by these specialized mortgage lenders.

Profile of the home buyer nationwide, 1979 and 1977

CHARACTERISTIC	1979	1977
Borrower median age	33 yrs.	32 yrs.
Household size		
1 or 2	51.9%	45.8%
3 or more	48.1%	54.3%
Marital status		
Single	22.4%	17.0%
Married	77.6%	83.0%
First-time buyers	17.8%	36.3%
Purchase price		
Less than $30,000	10.1%	18.6%
$30,000 to $49,999	27.9%	43.8%
$50,000 to $79,999	36.1%	28.5%
$80,000 or more	25.9%	9.1%
Median	$58,000	$44,000
Age of home		
New	30.8%	25.4%
Existing	69.2%	74.7%
25 or more years old	27.5%	23.7%
Condominium buyers	11.0%	NA
Annual household income		
Less than $15,000	7.4%	15.1%
$15,000 to $24,999	32.4%	44.8%
$25,000 to $34,999	30.1%	22.8%
$35,000 or more	30.1%	17.4%
Median	$28,110	$22,700
Importance of second income*	53.9%	47.2%
Total monthly housing expense		
$300 or less	12.0%	17.8%
$301 to $600	52.5%	66.6%
More than $600	35.5%	15.6%
Median monthly housing expense		
Total	$550	$400
Mortgage payment	$401	$273
Real estate taxes	$ 58	$ 54
Utilities	$ 75	$ 60
Hazard insurance	$ 16	$ 13
Downpayment		
10% or less	17.1%	18.4%
20% or more	57.1%	67.8%
Median	$12,282	$9,000
Housing expense exceeding 25% of household income	45.7%	38.1%

*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the unmarried home buyer, 1979

CHARACTERISTIC	LARGE CITIES	MEDIUM-SIZE CITIES	SMALL CITIES	NATIONWIDE
Borrower median age	32 yrs.	33 yrs.	32 yrs.	32 yrs.
Household size				
1 or 2	89.2%	88.6%	88.7%	89.0%
3 or more	10.8%	11.4%	11.3%	11.0%
Marital status				
Single	100.0%	100.0%	100.0%	100.0%
Married	0	0	0	0
First-time buyers	24.0%	25.2%	23.4%	24.2%
Purchase price				
Less than $30,000	10.2%	18.6%	27.7%	15.7%
$30,000 to $49,999	28.8%	40.6%	40.8%	34.2%
$50,000 to $79,999	37.6%	29.8%	26.1%	33.5%
$80,000 or more	23.4%	11.0%	5.4%	16.6%
Median	$56,950	$45,999	$39,900	$45,424
Age of home				
New	18.0%	23.4%	25.5%	20.8%
Existing	82.0%	76.6%	74.5%	79.2%
25 or more years old	34.5%	36.9%	31.1%	34.5%
Condominium buyers	26.1%	17.2%	10.7%	20.9%
Annual household income				
Less than $15,000	9.4%	17.6%	26.1%	14.7%
$15,000 to $24,999	34.5%	40.5%	41.4%	37.3%
$25,000 to $34,999	25.5%	20.5%	20.5%	23.2%
$35,000 or more	30.6%	21.4%	12.0%	24.8%
Median	$27,004	$22,994	$19,900	$23,451
Importance of second income*	62.1%	59.2%	55.3%	59.6%
Total monthly housing expense				
$300 or less	13.8%	25.4%	31.1%	20.0%
$301 to $600	50.1%	53.2%	55.3%	51.9%
More than $600	36.1%	21.4%	13.6%	28.1%
Median monthly housing expense				
Total	$545	$448	$400	$464
Mortgage payment	$407	$327	$289	$345
Real estate taxes	$ 63	$ 42	$ 37	$ 45
Utilities	$ 60	$ 65	$ 60	$ 60
Hazard insurance	$ 15	$ 14	$ 14	$ 14
Downpayment				
10% or less	20.4%	22.8%	22.6%	21.5%
20% or more	51.2%	44.4%	50.2%	49.2%
Median	$10,957	$7,244	$7,151	$8,199
Housing expense exceeding 25% of household income	51.0%	47.8%	50.2%	50.0%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the first-time home buyer, 1979

CHARACTERISTIC	LARGE CITIES	MEDIUM-SIZE CITIES	SMALL CITIES	NATIONWIDE
Borrower median age	29 yrs.	27 yrs.	27 yrs.	28 yrs.
Household size				
1 or 2	70.0%	71.3%	67.3%	69.8%
3 or more	30.0%	28.7%	32.7%	30.2%
Marital status				
Single	36.4%	30.5%	26.4%	32.4%
Married	63.6%	69.5%	73.6%	67.6%
First-time buyers	100.0%	100.0%	100.0%	100.0%
Purchase price				
Less than $30,000	9.9%	16.9%	23.2%	14.9%
$30,000 to $49,999	27.7%	45.2%	47.7%	37.3%
$50,000 to $79,999	44.0%	32.4%	25.7%	36.5%
$80,000 or more	18.4%	5.5%	3.4%	11.3%
Median	$56,500	$44,902	$41,500	$48,950
Age of home				
New	21.6%	23.9%	27.6%	23.6%
Existing	78.4%	76.1%	72.4%	76.4%
25 or more years old	36.7%	37.2%	30.9%	35.6%
Condominium buyers	18.6%	6.7%	4.0%	11.8%
Annual household income				
Less than $15,000	6.6%	11.4%	14.5%	9.9%
$15,000 to $24,999	34.2%	43.3%	48.9%	39.7%
$25,000 to $34,999	32.0%	29.1%	26.3%	30.2%
$35,000 or more	27.2%	16.2%	10.3%	20.2%
Median	$27,951	$24,001	$22,158	$25,230
Importance of second income*	66.0%	61.2%	59.2%	63.0%
Total monthly housing expense				
$300 or less	9.7%	18.5%	18.3%	14.2%
$301 to $600	54.3%	60.7%	68.9%	59.8%
More than $600	36.0%	20.8%	12.8%	26.0%
Median monthly housing expense				
Total	$564	$468	$434	$501
Mortgage payment	$416	$343	$315	$366
Real estate taxes	$ 63	$ 41	$ 35	$ 50
Utilities	$ 70	$ 70	$ 70	$ 70
Hazard insurance	$ 15	$ 14	$ 14	$ 15
Downpayment				
10% or less	25.3%	29.7%	36.9%	29.2%
20% or more	42.6%	32.9%	34.8%	38.0%
Median	$9,096	$5,412	$5,175	$6,812
Housing expense exceeding 25% of household income	47.7%	43.7%	43.6%	45.6%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the condominium home buyer, 1979

CHARACTERISTIC	LARGE CITIES	MEDIUM-SIZE CITIES	SMALL CITIES	NATIONWIDE
Borrower median age	35 yrs.	45 yrs.	44 yrs.	39 yrs.
Household size				
1 or 2	74.3%	70.0%	70.3%	72.7%
3 or more	25.7%	30.0%	29.7%	27.3%
Marital status				
Single	49.6%	38.2%	37.3%	45.2%
Married	50.4%	61.8%	62.7%	54.8%
First-time buyers	23.3%	12.3%	12.4%	19.2%
Purchase price				
Less than $30,000	4.7%	9.4%	9.1%	6.5%
$30,000 to $49,999	35.3%	35.8%	38.9%	35.8%
$50,000 to $79,999	37.8%	40.3%	45.4%	39.4%
$80,000 or more	22.2%	14.5%	6.6%	18.3%
Median	$56,750	$51,950	$51,000	$54,376
Age of home				
New	36.1%	54.6%	46.5%	42.1%
Existing	63.9%	45.4%	53.5%	57.9%
25 or more years old	9.3%	7.0%	7.0%	8.4%
Condominium buyers	100.0%	100.0%	100.0%	100.0%
Annual household income				
Less than $15,000	6.1%	11.8%	6.5%	7.7%
$15,000 to $24,999	26.8%	19.3%	23.9%	24.5%
$25,000 to $34,999	24.5%	26.2%	24.9%	25.0%
$35,000 or more	42.6%	42.7%	44.7%	42.8%
Median	$31,212	$31,626	$32,904	$31,566
Importance of second income*	59.7%	55.8%	52.6%	56.1%
Total monthly housing expense				
$300 or less	8.7%	15.1%	12.9%	10.9%
$301 to $600	54.9%	57.1%	64.9%	56.6%
More than $600	36.4%	27.8%	22.2%	32.5%
Median monthly housing expense				
Total	$540	$520	$500	$530
Mortgage payment	$411	$387	$380	$402
Real estate taxes	$ 66	$ 50	$ 44	$ 60
Utilities	$ 50	$ 70	$ 61	$ 55
Hazard insurance	$ 13	$ 13	$ 15	$ 13
Downpayment				
10% or less	27.9%	17.5%	20.6%	24.3%
20% or more	45.5%	53.4%	56.2%	48.8%
Median	$9,556	$9,949	$9,883	$9,774
Housing expense exceeding 25% of household income	38.3%	30.8%	28.1%	35.2%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Atlanta home buyer

CHARACTERISTIC	ATLANTA HOME BUYERS 1979	ATLANTA HOME BUYERS 1977	ALL LARGE CITY HOME BUYERS 1979	ALL SOUTHERN HOME BUYERS 1979
Borrower median age	34 yrs.	32 yrs.	32 yrs.	34 yrs.
Household size				
1 or 2	44.2%	44.0%	52.8%	50.1%
3 or more	55.8%	56.0%	47.2%	49.9%
Marital status				
Single	24.9%	9.5%	26.1%	17.0%
Married	75.1%	90.5%	73.9%	83.0%
First-time buyers	19.3%	32.0%	18.5%	15.8%
Purchase price				
Less than $30,000	10.0%	7.3%	6.0%	15.4%
$30,000 to $49,999	19.7%	52.0%	20.5%	32.8%
$50,000 to $79,999	45.4%	32.7%	40.2%	35.0%
$80,000 or more	24.9%	8.0%	33.3%	16.8%
Median	$62,411	$47,000	$67,000	$52,000
Age of home				
New	49.8%	58.0%	26.6%	46.0%
Existing	50.2%	42.0%	73.4%	54.0%
25 or more years	14.4%	12.7%	30.5%	17.0%
Condominium buyers	2.8%	NA	14.7%	7.8%
Annual household income				
Less than $15,000	7.6%	6.0%	4.6%	10.8%
$15,000 to $24,999	27.6%	52.0%	27.2%	34.5%
$25,000 to $34,999	33.7%	22.0%	31.4%	27.0%
$35,000 or more	31.1%	20.0%	36.8%	27.8%
Median	$28,500	$23,997	$30,354	$26,874
Importance of second income*	53.6%	34.0%	57.8%	48.8%
Total monthly housing expense				
$300 or less	6.4%	8.7%	3.3%	9.9%
$301 to $600	45.0%	81.3%	41.9%	56.6%
More than $600	48.6%	10.0%	54.8%	33.4%
Median monthly housing expense				
Total	$595	$420	$617	$506
Mortgage payment	$453	$298	$452	$367
Real estate taxes	$ 50	$ 40	$ 72	$ 36
Utilities	$ 70	$ 62	$ 75	$ 80
Hazard insurance	$ 22	$ 20	$ 18	$ 20
Downpayment				
10% or less	12.9%	20.7%	15.3%	20.6%
20% or more	56.2%	63.3%	59.7%	56.7%
Median	$13,207	$9,400	$15,532	$9,943
Housing expense exceeding 25% of household income	47.0%	26.0%	49.8%	41.1%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Baltimore home buyer

CHARACTERISTIC	BALTIMORE HOME BUYERS 1979	BALTIMORE HOME BUYERS 1977	ALL LARGE CITY HOME BUYERS 1979	ALL NORTHEASTERN HOME BUYERS 1979
Borrower median age	31 yrs.	32 yrs.	32 yrs.	32 yrs.
Household size				
1 or 2	58.9%	42.8%	52.8%	54.7%
3 or more	41.1%	57.2%	47.2%	45.3%
Marital status				
Single	29.1%	14.1%	26.1%	24.5%
Married	70.9%	85.9%	73.9%	75.5%
First-time buyers	20.7%	35.4%	18.5%	21.0%
Purchase price				
Less than $30,000	14.4%	12.9%	6.0%	11.6%
$30,000 to $49,999	34.4%	48.3%	20.5%	31.5%
$50,000 to $79,999	40.0%	31.3%	40.2%	37.6%
$80,000 or more	11.2%	7.5%	33.3%	19.3%
Median	$51,000	$47,000	$67,000	$53,900
Age of home				
New	27.7%	51.0%	26.6%	26.0%
Existing	72.3%	49.0%	73.4%	74.0%
25 or more years	30.2%	18.4%	30.5%	36.6%
Condominium buyers	1.8%	NA	14.7%	13.7%
Annual household income				
Less than $15,000	4.3%	19.7%	4.6%	5.8%
$15,000 to $24,999	43.8%	48.3%	27.2%	35.5%
$25,000 to $34,999	33.7%	17.0%	31.4%	30.8%
$35,000 or more	18.2%	15.0%	36.8%	27.8%
Median	$26,000	$20,400	$30,354	$27,597
Importance of second income*	71.4%	44.2%	57.8%	60.1%
Total monthly housing expense				
$300 or less	11.2%	16.3%	3.3%	6.1%
$301 to $600	69.1%	76.9%	41.9%	59.8%
More than $600	19.6%	6.8%	54.8%	34.1%
Median monthly housing expense				
Total	$497	$409	$617	$512
Mortgage payment	$365	$280	$452	$358
Real estate taxes	$ 47	$ 57	$ 72	$ 71
Utilities	$ 75	$ 62	$ 75	$ 80
Hazard insurance	$ 10	$ 10	$ 18	$ 12
Downpayment				
10% or less	28.4%	13.6%	15.3%	16.6%
20% or more	51.6%	72.8%	59.7%	62.0%
Median	$8,266	$12,128	$15,532	$11,943
Housing expense exceeding 25% of household income	35.1%	30.0%	49.8%	41.9%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Burlington, Vt., home buyer

CHARACTERISTIC	BURLINGTON HOME BUYERS		ALL SMALL CITY HOME BUYERS	ALL NORTHEASTERN HOME BUYERS
	1979	1977	1979	1979
Borrower median age	32 yrs.	32 yrs.	34 yrs.	32 yrs.
Household size				
1 or 2	47.5%	46.0%	48.9%	54.7%
3 or more	52.5%	54.0%	51.1%	45.3%
Marital status				
Single	25.0%	25.5%	17.0%	24.5%
Married	75.0%	74.5%	83.0%	75.5%
First-time buyers	27.5%	40.0%	16.3%	21.0%
Purchase price				
Less than $30,000	2.5%	10.0%	16.9%	11.6%
$30,000 to $49,999	40.0%	78.0%	36.5%	31.5%
$50,000 to $79,999	42.5%	12.0%	35.3%	37.6%
$80,000 or more	15.0%	0		
Median	$52,525	$37,500	$48,779	$53,900
Age of home				
New	25.0%	10.0%	36.5%	26.0%
Existing	75.0%	90.0%	63.5%	74.0%
25 or more years	25.0%	22.0%	23.4%	36.6%
Condominium buyers	7.5%	NA	5.3%	13.7%
Annual household income				
Less than $15,000	10.0%	22.0%	12.5%	5.8%
$15,000 to $24,999	32.5%	58.0%	40.1%	35.5%
$25,000 to $34,999	40.0%	10.0%	27.1%	30.8%
$35,000 or more	17.5%	10.0%	20.4%	27.8%
Median	$25,477	$18,330	$24,714	$27,597
Importance of second income*	59.1%	38.0%	50.4%	60.1%
Total monthly housing expense				
$300 or less	2.5%	16.0%	11.1%	6.1%
$301 to $600	67.5%	80.0%	63.6%	59.8%
More than $600	30.0%	4.0%	25.3%	34.1%
Median monthly housing expense				
Total	$507	$354	$470	$521
Mortgage payment	$364	$229	$354	$358
Real estate taxes	$ 66	$ 63	$ 40	$ 71
Utilities	$ 65	$ 52	$ 70	$ 80
Hazard insurance	$ 12	$ 10	$ 15	$ 12
Downpayment				
10% or less	7.5%	26.0%	20.1%	16.6%
20% or more	55.0%	70.0%	55.0%	62.0%
Median	$13,268	$9,013	$9,600	$11,943
Housing expense exceeding 25% of household income	44.0%	42.0%	40.8%	41.9%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Chicago home buyer

CHARACTERISTIC	CHICAGO HOME BUYERS		ALL LARGE CITY HOME BUYERS	ALL NORTH CENTRAL HOME BUYERS
	1979	1977	1979	1979
Borrower median age	32 yrs.	31 yrs.	32 yrs.	31 yrs.
Household size				
1 or 2	50.8%	49.8%	52.8%	50.1%
3 or more	49.2%	50.2%	47.2%	49.9%
Marital status				
Single	21.9%	18.2%	26.1%	23.7%
Married	78.1%	81.8%	73.9%	76.3%
First-time buyers	20.0%	46.9%	18.5%	20.3%
Purchase price				
Less than $30,000	3.2%	9.6%	6.0%	9.9%
$30,000 to $49,999	20.6%	39.7%	20.5%	31.2%
$50,000 to $79,999	44.9%	39.2%	40.2%	41.6%
$80,000 or more	31.3%	11.5%	33.3%	17.3%
Median	$65,900	$50,900	$67,000	$55,000
Age of home				
New	17.3%	21.1%	26.6%	20.8%
Existing	82.7%	78.9%	73.4%	79.2%
25 or more years	27.1%	27.0%	30.5%	33.5%
Condominium buyers	14.9%	NA	14.7%	7.6%
Annual household income				
Less than $15,000	5.1%	7.4%	4.6%	7.0%
$15,000 to $24,999	28.9%	43.5%	27.2%	37.1%
$25,000 to $34,999	34.4%	29.0%	31.4%	33.4%
$35,000 or more	31.6%	20.1%	36.8%	22.4%
Median	$29,478	$24,972	$30,354	$26,499
Importance of second income*	54.8%	48.2%	57.8%	54.0%
Total monthly housing expense				
$300 or less	1.8%	8.6%	3.3%	5.6%
$301 to $600	49.7%	78.5%	41.9%	61.4%
More than $600	48.4%	12.9%	54.8%	33.0%
Median monthly housing expense				
Total	$591	$429	$617	$520
Mortgage payment	$421	$291	$452	$375
Real estate taxes	$ 75	$ 64	$ 72	$ 60
Utilities	$ 80	$ 60	$ 75	$ 70
Hazard insurance	$ 15	$ 14	$ 18	$ 15
Downpayment				
10% or less	9.2%	9.7%	15.3%	16.7%
20% or more	62.0%	77.2%	59.7%	57.8%
Median	$15,043	$11,600	$15,532	$11,578
Housing expense exceeding 25% of household income	48.7%	30.0%	49.8%	44.4%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Columbus, Ohio, home buyer

CHARACTERISTIC	COLUMBUS HOME BUYERS		ALL MEDIUM-SIZE CITY HOME BUYERS	ALL NORTH CENTRAL HOME BUYERS
	1979	1977	1979	1979
Borrower median age	32 yrs.	32 yrs.	33 yrs.	31 yrs.
Household size				
1 or 2	54.0%	45.7%	53.2%	50.1%
3 or more	46.0%	54.3%	46.7%	49.9%
Marital status				
Single	26.3%	13.5%	20.9%	23.7%
Married	73.7%	86.5%	79.1%	76.3%
First-time buyers	26.3%	28.0%	17.9%	20.3%
Purchase price				
Less than $30,000	9.6%	18.8%	10.7%	9.9%
$30,000 to $49,999	29.3%	44.6%	32.3%	31.2%
$50,000 to $79,999	53.6%	31.7%	38.7%	41.6%
$80,000 or more	7.5%	4.9%	18.3%	17.3%
Median	$55,005	$42,000	$54,000	$55,000
Age of home				
New	21.2%	20.4%	32.8%	20.8%
Existing	78.8%	79.6%	67.2%	79.2%
25 or more years	28.8%	26.9%	25.9%	33.5%
Condominium buyers	9.1%	NA	9.8%	7.6%
Annual household income				
Less than $15,000	6.5%	23.1%	7.6%	7.0%
$15,000 to $24,999	32.9%	44.6%	34.2%	37.1%
$25,000 to $34,999	35.4%	21.0%	30.4%	33.4%
$35,000 or more	25.2%	11.3%	27.8%	22.4%
Median	$28,050	$20,586	$27,310	$26,499
Importance of second income*	57.9%	41.9%	50.9%	54.0%
Total monthly housing expense				
$300 or less	5.1%	29.0%	6.7%	5.6%
$301 to $600	60.6%	62.9%	57.7%	61.4%
More than $600	34.3%	8.1%	35.5%	33.0%
Median monthly housing expense				
Total	$529	$365	$519	$520
Mortgage payment	$399	$258	$381	$375
Real estate taxes	$ 45	$ 35	$ 48	$ 60
Utilities	$ 70	$ 62	$ 75	$ 70
Hazard insurance	$ 15	$ 10	$ 15	$ 15
Downpayment				
10% or less	10.1%	12.9%	17.6%	16.7%
20% or more	52.5%	71.0%	54.6%	57.8%
Median	$10,026	$7,804	$10,507	$11,578
Housing expense exceeding 25% of household income	39.0%	38.0%	42.9%	44.4%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Denver home buyer

CHARACTERISTIC	DENVER HOME BUYERS		ALL LARGE CITY HOME BUYERS	ALL WESTERN HOME BUYERS
	1979	1977	1979	1979
Borrower median age	33 yrs.	34 yrs.	32 yrs.	35 yrs.
Household size				
1 or 2	64.3%	54.8%	52.8%	54.1%
3 or more	35.7%	45.2%	47.2%	45.9%
Marital status				
Single	43.9%	25.0%	26.1%	25.5%
Married	56.1%	75.0%	73.9%	74.5%
First-time buyers	16.8%	24.0%	18.5%	14.9%
Purchase price				
Less than $30,000	4.1%	16.4%	6.0%	3.4%
$30,000 to $49,999	27.6%	49.3%	20.5%	16.1%
$50,000 to $79,999	39.7%	32.9%	40.2%	39.7%
$80,000 or more	28.6%	1.4%	33.3%	40.8%
Median	$63,504	$43,500	$67,000	$73,000
Age of home				
New	34.7%	37.0%	26.6%	28.8%
Existing	65.3%	63.0%	73.4%	71.2%
25 or more years	13.8%	17.1%	30.5%	25.7%
Condominium buyers	43.4%	NA	14.7%	16.5%
Annual household income				
Less than $15,000	6.7%	8.9%	4.6%	5.1%
$15,000 to $24,999	29.7%	45.2%	27.2%	22.6%
$25,000 to $34,999	32.1%	33.6%	31.4%	29.4%
$35,000 or more	31.5%	12.3%	36.8%	42.9%
Median	$28,782	$23,370	$30,354	$32,106
Importance of second income*	66.6%	41.2%	57.8%	55.0%
Total monthly housing expense				
$300 or less	5.1%	15.8%	3.3%	2.5%
$301 to $600	51.5%	78.8%	41.9%	33.8%
More than $600	43.4%	5.4%	54.8%	63.6%
Median monthly housing expense				
Total	$569	$406	$617	$676
Mortgage payment	$449	$281	$452	$533
Real estate taxes	$ 50	$ 63	$ 72	$ 65
Utilities	$ 55	$ 50	$ 75	$ 60
Hazard insurance	$ 15	$ 12	$ 18	$ 18
Downpayment				
10% or less	21.4%	23.3%	15.3%	13.9%
20% or more	57.1%	56.2%	59.7%	53.5%
Median	$12,009	$7,751	$15,532	$15,927
Housing expense exceeding 25% of household income	60.9%	25.0%	49.8%	54.2%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Detroit home buyer

	DETROIT HOME BUYERS		ALL LARGE CITY HOME BUYERS	ALL NORTH CENTRAL HOME BUYERS
CHARACTERISTIC	1979	1977	1979	1979
Borrower median age	30 yrs.	29 yrs.	32 yrs.	31 yrs.
Household size				
1 or 2	53.9%	57.6%	52.8%	50.1%
3 or more	46.1%	42.4%	47.2%	49.9%
Marital status				
Single	29.8%	18.0%	26.1%	23.7%
Married	70.2%	82.0%	73.9%	76.3%
First-time buyers	6.6%	44.4%	18.5%	20.3%
Purchase price				
Less than $30,000	11.1%	34.4%	6.0%	9.9%
$30,000 to $49,999	42.4%	43.7%	20.5%	31.2%
$50,000 to $79,999	38.1%	17.2%	40.2%	41.6%
$80,000 or more	8.4%	4.7%	33.3%	17.3%
Median	$48,900	$35,750	$67,000	$55,000
Age of home				
New	7.2%	10.6%	26.6%	20.8%
Existing	92.8%	89.4%	73.4%	79.2%
25 or more years	50.9%	28.5%	30.5%	33.5%
Condominium buyers	2.6%	NA	14.7%	7.6%
Annual household income				
Less than $15,000	3.8%	15.2%	4.6%	7.0%
$15,000 to $24,999	37.5%	54.3%	27.2%	37.1%
$25,000 to $34,999	36.1%	17.9%	31.4%	33.4%
$35,000 or more	22.6%	12.6%	36.8%	22.4%
Median	$27,012	$21,384	$30,354	$26,499
Importance of second income*	59.4%	33.1%	57.8%	54.0%
Total monthly housing expense				
$300 or less	2.0%	14.6%	3.3%	5.6%
$301 to $600	72.0%	73.5%	41.9%	61.4%
More than $600	26.1%	11.9%	54.8%	33.0%
Median monthly housing expense				
Total	$537	$389	$617	$520
Mortgage payment	$362	$235	$452	$375
Real estate taxes	$ 80	$ 73	$ 72	$ 60
Utilities	$ 79	$ 70	$ 75	$ 70
Hazard insurance	$ 16	$ 11	$ 18	$ 15
Downpayment				
10% or less	21.8%	23.2%	15.3%	16.7%
20% or more	68.5%	49.0%	59.7%	57.8%
Median	$15,217	$5,899	$15,532	$11,578
Housing expense exceeding 25% of household income	49.0%	32.0%	49.8%	44.4%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Hartford, Conn., home buyer

	HARTFORD HOME BUYERS		ALL MEDIUM-SIZE CITY HOME BUYERS	ALL NORTHEASTERN HOME BUYERS
CHARACTERISTIC	1979	1977	1979	1979
Borrower median age	33 yrs.	32 yrs.	33 yrs.	32 yrs.
Household size				
1 or 2	45.8%	36.0%	53.2%	54.7%
3 or more	54.2%	64.0%	46.7%	45.3%
Marital status				
Single	14.6%	14.1%	20.9%	24.5%
Married	85.4%	85.9%	79.1%	75.5%
First-time buyers	14.6%	50.0%	17.9%	21.0%
Purchase price				
Less than $30,000	2.1%	12.0%	10.7%	11.6%
$30,000 to $49,999	12.5%	58.0%	32.3%	31.5%
$50,000 to $79,999	56.2%	24.0%	38.7%	37.6%
$80,000 or more	29.2%	6.0%	18.3%	19.3%
Median	$66,050	$43,025	$54,000	$53,900
Age of home				
New	14.6%	15.0%	32.8%	26.0%
Existing	85.4%	85.0%	67.2%	74.0%
25 or more years	27.1%	32.0%	25.9%	36.6%
Condominium buyers	10.4%	NA	9.8%	13.7%
Annual household income				
Less than $15,000	2.1%	15.0%	7.6%	5.8%
$15,000 to $24,999	33.4%	58.0%	34.2%	35.5%
$25,000 to $34,999	45.8%	22.0%	30.4%	30.8%
$35,000 or more	18.7%	5.0%	27.8%	27.8%
Median	$27,612	$20,256	$27,310	$27,597
Importance of second income*	61.4%	54.5%	50.9%	60.1%
Total monthly housing expense				
$300 or less	2.1%	9.0%	6.7%	6.1%
$301 to $600	45.9%	84.0%	57.7%	59.8%
More than $600	52.0%	7.0%	35.5%	34.1%
Median monthly housing expense				
Total	$583	$401	$519	$521
Mortgage payment	$381	$240	$381	$358
Real estate taxes	$ 89	$ 76	$ 48	$ 71
Utilities	$ 98	$ 70	$ 75	$ 80
Hazard insurance	$ 15	$ 15	$ 15	$ 12
Downpayment				
10% or less	6.3%	14.0%	17.6%	16.6%
20% or more	81.3%	77.0%	54.6%	62.0%
Median	$24,057	$11,300	$10,507	$11,943
Housing expense exceeding 25% of household income	61.2%	44.0%	42.9%	41.9%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Los Angeles home buyer

	LOS ANGELES HOME BUYERS		ALL LARGE CITY HOME BUYERS	ALL WESTERN HOME BUYERS
CHARACTERISTIC	1979	1977	1979	1979
Borrower median age	36 yrs.	36 yrs.	32 yrs.	35 yrs.
Household size				
1 or 2	53.3%	50.5%	52.8%	54.1%
3 or more	46.7%	49.5%	47.2%	45.9%
Marital status				
Single	29.7%	18.3%	26.1%	25.5%
Married	70.3%	81.7%	73.9%	74.5%
First-time buyers	16.3%	23.0%	18.5%	14.9%
Purchase price				
Less than $30,000	1.1%	3.2%	6.0%	3.4%
$30,000 to $49,999	5.8%	21.7%	20.5%	16.1%
$50,000 to $79,999	39.0%	46.4%	40.2%	39.7%
$80,000 or more	54.1%	28.7%	33.3%	40.8%
Median	$83,000	$65,000	$67,000	$73,000
Age of home				
New	14.0%	23.1%	26.6%	28.8%
Existing	86.0%	76.9%	73.4%	71.2%
25 or more years	40.9%	24.5%	30.5%	25.7%
Condominium buyers	14.4%	NA	14.7%	16.5%
Annual household income				
Less than $15,000	3.4%	4.7%	4.6%	5.1%
$15,000 to $24,999	17.1%	27.7%	27.2%	22.6%
$25,000 to $34,999	27.2%	34.0%	31.4%	29.4%
$35,000 or more	52.3%	33.6%	36.8%	42.9%
Median	$35,996	$28,944	$30,354	$32,106
Importance of second income*	51.1%	49.7%	57.8%	55.0%
Total monthly housing expense				
$300 or less	0.9%	3.4%	3.3%	2.5%
$301 to $600	18.0%	55.7%	41.9%	33.8%
More than $600	81.2%	40.9%	54.8%	63.6%
Median monthly housing expense				
Total	$765	$567	$617	$676
Mortgage payment	$619	$403	$452	$533
Real estate taxes	$ 69	$ 99	$ 72	$ 65
Utilities	$ 57	$ 50	$ 75	$ 60
Hazard insurance	$ 20	$ 15	$ 18	$ 18
Downpayment				
10% or less	14.6%	4.3%	15.3%	13.9%
20% or more	43.2%	88.0%	59.7%	53.5%
Median	$18,506	$14,300	$15,532	$15,927
Housing expense exceeding 25% of household income	59.9%	46.0%	49.8%	54.2%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Milwaukee home buyer

CHARACTERISTIC	MILWAUKEE HOME BUYERS 1979	MILWAUKEE HOME BUYERS 1977	ALL LARGE CITY HOME BUYERS 1979	ALL NORTH CENTRAL HOME BUYERS 1979
Borrower median age	31 yrs.	30 yrs.	32 yrs.	31 yrs.
Household size				
1 or 2	52.3%	42.1%	52.8%	50.1%
3 or more	47.7%	57.9%	47.2%	49.9%
Marital status				
Single	33.7%	16.1%	26.1%	23.7%
Married	66.3%	83.9%	73.9%	76.3%
First-time buyers	31.0%	46.5%	18.5%	20.3%
Purchase price				
Less than $30,000	5.1%	15.4%	6.0%	9.9%
$30,000 to $49,999	24.2%	50.4%	20.5%	31.2%
$50,000 to $79,999	48.6%	29.1%	40.2%	41.6%
$80,000 or more	22.1%	5.1%	33.3%	17.3%
Median	$64,905	$42,900	$67,000	$55,000
Age of home				
New	17.6%	16.5%	26.6%	20.8%
Existing	82.4%	83.5%	73.4%	79.2%
25 or more years	37.1%	43.3%	30.5%	33.5%
Condominium buyers	12.8%	NA	14.7%	7.6%
Annual household income				
Less than $15,000	7.2%	13.0%	4.6%	7.0%
$15,000 to $24,999	31.8%	61.0%	27.2%	37.1%
$25,000 to $34,999	38.2%	19.7%	31.4%	33.4%
$35,000 or more	22.8%	6.3%	36.8%	22.4%
Median	$26,880	$21,198	$30,354	$26,499
Importance of second income*	62.8%	52.4%	57.8%	54.0%
Total monthly housing expense				
$300 or less	2.7%	11.4%	3.3%	5.6%
$301 to $600	51.7%	79.6%	41.9%	61.4%
More than $600	45.7%	9.0%	54.8%	33.0%
Median monthly housing expense				
Total	$573	$411	$617	$520
Mortgage payment	$418	$268	$452	$375
Real estate taxes	$ 85	$ 83	$ 72	$ 60
Utilities	$ 60	$ 50	$ 75	$ 70
Hazard insurance	$ 10	$ 10	$ 18	$ 15
Downpayment				
10% or less	17.3%	25.2%	15.3%	16.7%
20% or more	49.9%	57.1%	59.7%	57.8%
Median	$12,971	$7,001	$15,532	$11,578
Housing expense exceeding 25% of household income	54.0%	32.8%	49.8%	44.4%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Minneapolis-St. Paul home buyer

	MINNEAPOLIS-ST. PAUL HOME BUYERS		ALL LARGE CITY HOME BUYERS	ALL NORTH CENTRAL HOME BUYERS
CHARACTERISTIC	1979	1977	1979	1979
Borrower median age	31 yrs.	30 yrs.	32 yrs.	31 yrs.
Household size				
1 or 2	54.7%	34.8%	52.8%	50.1%
3 or more	45.3%	65.2%	47.2%	49.9%
Marital status				
Single	32.5%	9.9%	26.1%	23.7%
Married	67.5%	90.1%	73.9%	76.3%
First-time buyers	23.4%	34.8%	18.5%	20.3%
Purchase price				
Less than $30,000	1.8%	17.4%	6.0%	9.9%
$30,000 to $49,999	13.6%	43.5%	20.5%	31.2%
$50,000 to $79,999	57.8%	37.0%	40.2%	41.6%
$80,000 or more	26.8%	2.1%	33.3%	17.3%
Median	$63,200	$47,250	$67,000	$55,000
Age of home				
New	35.9%	33.7%	26.6%	20.8%
Existing	64.1%	66.3%	73.4%	79.2%
25 or more years	17.3%	26.1%	30.5%	33.5%
Condominium buyers	12.8%	NA	14.7%	7.6%
Annual household income				
Less than $15,000	5.7%	14.1%	4.6%	7.0%
$15,000 to $24,999	24.5%	48.9%	27.2%	37.1%
$25,000 to $34,999	39.2%	31.5%	31.4%	33.4%
$35,000 or more	30.6%	5.4%	36.8%	22.4%
Median	$30,072	$21,894	$30,354	$26,499
Importance of second income*	62.8%	52.4%	57.8%	54.0%
Total monthly housing expense				
$300 or less	1.5%	20.7%	3.3%	5.6%
$301 to $600	48.6%	70.6%	41.9%	61.4%
More than $600	50.0%	8.7%	54.8%	33.0%
Median monthly housing expense				
Total	$610	$421	$617	$520
Mortgage payment	$456	$302	$452	$375
Real estate taxes	$ 75	$ 54	$ 72	$ 60
Utilities	$ 60	$ 50	$ 75	$ 70
Hazard insurance	$ 19	$ 15	$ 18	$ 15
Downpayment				
10% or less	22.2%	10.9%	15.3%	16.7%
20% or more	57.8%	67.4%	59.7%	57.8%
Median	$14,058	$9,518	$15,532	$11,578
Housing expense exceeding 25% of household income	54.0%	32.8%	49.8%	44.4%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the New York City home buyer

	NEW YORK CITY HOME BUYERS		ALL LARGE CITY HOME BUYERS	ALL NORTHEASTERN HOME BUYERS
CHARACTERISTIC	1979	1977	1979	1979
Borrower median age	34 yrs.	35 yrs.	32 yrs.	32 yrs.
Household size				
1 or 2	46.9%	41.0%	52.8%	54.7%
3 or more	53.1%	59.0%	47.2%	45.3%
Marital status				
Single	14.6%	12.6%	26.1%	24.5%
Married	85.4%	87.4%	73.9%	75.5%
First-time buyers	17.2%	48.9%	18.5%	21.0%
Purchase price				
Less than $30,000	3.5%	5.8%	6.0%	11.6%
$30,000 to $49,999	18.1%	46.5%	20.5%	31.5%
$50,000 to $79,999	52.7%	37.7%	40.2%	37.6%
$80,000 or more	25.7%	10.0%	33.3%	19.3%
Median	$65,000	$48,500	$67,000	$53,900
Age of home				
New	19.0%	21.0%	26.6%	26.0%
Existing	81.0%	79.0%	73.4%	74.0%
25 or more years	42.0%	42.7%	30.5%	36.6%
Condominium buyers	18.0%	NA	14.7%	13.7%
Annual household income				
Less than $15,000	1.2%	3.7%	4.6%	5.8%
$15,000 to $24,999	30.3%	33.6%	27.2%	35.5%
$25,000 to $34,999	34.1%	23.1%	31.4%	30.8%
$35,000 or more	34.5%	39.6%	36.8%	27.8%
Median	$30,609	$29,406	$30,354	$27,597
Importance of second income*	55.1%	46.6%	57.8%	60.1%
Total monthly housing expense				
$300 or less	0.6%	2.7%	3.3%	6.1%
$301 to $600	60.6%	67.1%	41.9%	59.8%
More than $600	38.8%	30.2%	54.8%	34.1%
Median monthly housing expense				
Total	$571	$497	$617	$521
Mortgage payment	$350	$291	$452	$358
Real estate taxes	$116	$111	$ 72	$ 71
Utilities	$ 80	$ 70	$ 75	$ 80
Hazard insurance	$ 25	$ 25	$ 18	$ 12
Downpayment				
10% or less	6.1%	7.1%	15.3%	16.6%
20% or more	88.3%	87.8%	59.7%	62.0%
Median	$24,088	$13,500	$15,532	$11,943
Housing expense exceeding 25% of household income	48.0%	34.0%	49.8%	41.9%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Peoria, Ill., home buyer

	PEORIA HOME BUYERS		ALL MEDIUM-SIZE CITY HOME BUYERS	ALL NORTH CENTRAL HOME BUYERS
CHARACTERISTIC	1979	1977	1979	1979
Borrower median age	31 yrs.	30 yrs.	33 yrs.	31 yrs.
Household size				
1 or 2	41.1%	40.4%	53.2%	50.1%
3 or more	58.9%	59.6%	46.7%	49.9%
Marital status				
Single	23.5%	16.4%	20.9%	23.7%
Married	76.5%	83.6%	79.1%	76.3%
First-time buyers	25.5%	38.9%	17.9%	20.3%
Purchase price				
Less than $30,000	12.7%	31.3%	10.7%	9.9%
$30,000 to $49,999	39.9%	47.0%	32.3%	31.2%
$50,000 to $79,999	35.0%	17.7%	38.7%	41.6%
$80,000 or more	12.4%	4.0%	18.3%	17.3%
Median	$49,487	$36,000	$54,000	$55,000
Age of home				
New	11.9%	21.7%	32.8%	20.8%
Existing	88.1%	78.3%	67.2%	79.2%
25 or more years	41.1%	39.4%	25.9%	33.5%
Condominium buyers	0.4%	NA	9.8%	7.6%
Annual household income				
Less than $15,000	8.7%	24.7%	7.6%	7.0%
$15,000 to $24,999	43.6%	46.5%	34.2%	37.1%
$25,000 to $34,999	27.6%	18.2%	30.4%	33.4%
$35,000 or more	20.1%	10.6%	27.8%	22.4%
Median	$24,405	$20,166	$27,310	$26,499
Importance of second income*	43.9%	36.9%	50.9%	54.0%
Total monthly housing expense				
$300 or less	5.8%	22.2%	6.7%	5.6%
$301 to $600	64.2%	68.7%	57.7%	61.4%
More than $600	30.0%	9.1%	35.5%	33.0%
Median monthly housing expense				
Total	$489	$373	$519	$520
Mortgage payment	$340	$247	$381	$375
Real estate taxes	$ 59	$ 44	$ 48	$ 60
Utilities	$ 75	$ 70	$ 75	$ 70
Hazard insurance	$ 15	$ 12	$ 15	$ 15
Downpayment				
10% or less	32.1%	38.9%	17.6%	16.7%
20% or more	41.2%	40.9%	54.6%	57.8%
Median	$8,190	$4,753	$10,507	$11,578
Housing expense exceeding 25% of household income	50.2%	38.0%	42.9%	44.4%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Philadelphia home buyer

	PHILADELPHIA HOME BUYERS		ALL LARGE CITY HOME BUYERS	ALL NORTHEASTERN HOME BUYERS
CHARACTERISTIC	1979	1977	1979	1979
Borrower median age	32 yrs.	32 yrs.	32 yrs.	32 yrs.
Household size				
1 or 2	51.7%	48.0%	52.8%	54.7%
3 or more	48.3%	52.0%	47.2%	45.3%
Marital status				
Single	25.9%	18.5%	26.1%	24.5%
Married	74.1%	81.5%	73.9%	75.5%
First-time buyers	17.2%	47.0%	18.5%	21.0%
Purchase price				
Less than $30,000	13.8%	11.0%	6.0%	11.6%
$30,000 to $49,999	42.1%	52.5%	20.5%	31.5%
$50,000 to $79,999	34.3%	28.0%	40.2%	37.6%
$80,000 or more	9.8%	8.5%	33.3%	19.3%
Median	$46,400	$45,000	$67,000	$53,900
Age of home				
New	30.8%	24.5%	26.6%	26.0%
Existing	69.2%	75.5%	73.4%	74.0%
25 or more years	38.9%	33.5%	30.5%	36.6%
Condominium buyers	18.0%	NA	14.7%	13.7%
Annual household income				
Less than $15,000	7.6%	17.0%	4.6%	5.8%
$15,000 to $24,999	44.0%	45.0%	27.2%	35.5%
$25,000 to $34,999	30.0%	22.0%	31.4%	30.8%
$35,000 or more	18.4%	16.0%	36.8%	27.8%
Median	$24,750	$22,000	$30,354	$27,597
Importance of second income*	62.8%	47.0%	57.8%	60.1%
Total monthly housing expense				
$300 or less	8.1%	11.5%	3.3%	6.1%
$301 to $600	72.1%	78.0%	41.9%	59.8%
More than $600	19.7%	10.5%	54.8%	34.1%
Median monthly housing expense				
Total	$468	$393	$617	$521
Mortgage payment	$310	$250	$452	$358
Real estate taxes	$ 65	$ 63	$ 72	$ 71
Utilities	$ 80	$ 70	$ 75	$ 80
Hazard insurance	$ 13	$ 10	$ 18	$ 12
Downpayment				
10% or less	17.0%	19.5%	15.3%	16.6%
20% or more	63.5%	70.5%	59.7%	62.0%
Median	$10,049	$10,415	$15,532	$11,943
Housing expense exceeding 25% of household income	36.0%	31.0%	49.8%	41.9%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Pittsburgh home buyer

CHARACTERISTIC	PITTSBURGH HOME BUYERS 1979	PITTSBURGH HOME BUYERS 1977	ALL LARGE CITY HOME BUYERS 1979	ALL NORTHEASTERN HOME BUYERS 1979
Borrower median age	30 yrs.	31 yrs.	32 yrs.	32 yrs.
Household size				
1 or 2	60.3%	54.4%	52.8%	54.7%
3 or more	39.7%	45.6%	47.2%	45.3%
Marital status				
Single	30.7%	21.8%	26.1%	24.5%
Married	69.3%	78.2%	73.9%	75.5%
First-time buyers	24.7%	57.0%	18.5%	21.0%
Purchase price				
Less than $30,000	21.9%	28.2%	6.0%	11.6%
$30,000 to $49,999	40.4%	44.3%	20.5%	31.5%
$50,000 to $79,999	31.0%	24.2%	40.2%	37.6%
$80,000 or more	6.7%	3.3%	33.3%	19.3%
Median	$44,890	$37,800	$67,000	$53,900
Age of home				
New	17.1%	17.4%	26.6%	26.0%
Existing	82.9%	82.6%	73.4%	74.0%
25 or more years	51.6%	40.3%	30.5%	36.6%
Condominium buyers	10.0%	NA	14.7%	13.7%
Annual household income				
Less than $15,000	9.4%	20.8%	4.6%	5.8%
$15,000 to $24,999	41.1%	45.6%	27.2%	35.5%
$25,000 to $34,999	27.9%	22.8%	31.4%	30.8%
$35,000 or more	21.6%	10.8%	36.8%	27.8%
Median	$24,807	$21,036	$30,354	$27,597
Importance of second income*	59.6%	43.6%	57.8%	60.1%
Total monthly housing expense				
$300 or less	11.5%	26.8%	3.3%	6.1%
$301 to $600	67.9%	67.1%	41.9%	59.8%
More than $600	20.6%	6.1%	54.8%	34.1%
Median monthly housing expense				
Total	$462	$364	$617	$521
Mortgage payment	$325	$236	$452	$358
Real estate taxes	$ 57	$ 60	$ 72	$ 71
Utilities	$ 70	$ 60	$ 75	$ 80
Hazard insurance	$ 10	$ 8	$ 18	$ 12
Downpayment				
10% or less	27.5%	30.2%	15.3%	16.6%
20% or more	39.7%	53.0%	59.7%	62.0%
Median	$5,879	$5,100	$15,532	$11,943
Housing expense exceeding 25% of household income	35.2%	28.0%	49.8%	41.9%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Portland, Me., home buyer

CHARACTERISTIC	PORTLAND HOME BUYERS		ALL SMALL CITY HOME BUYERS	ALL NORTHEASTERN HOME BUYERS
	1979	1977	1979	1979
Borrower median age	32 yrs.	30 yrs.	34 yrs.	32 yrs.
Household size				
1 or 2	52.0%	40.0%	48.9%	54.7%
3 or more	48.0%	60.0%	51.1%	45.3%
Marital status				
Single	24.0%	13.0%	17.0%	24.5%
Married	76.0%	87.0%	83.0%	75.5%
First-time buyers	18.0%	45.0%	16.3%	21.0%
Purchase price				
Less than $30,000	10.0%	21.0%	16.9%	11.6%
$30,000 to $49,999	56.0%	57.0%	36.5%	31.5%
$50,000 to $79,999	28.0%	18.0%	35.3%	37.6%
$80,000 or more	6.0%	4.0%	11.3%	19.3%
Median	$44,550	$37,500	$48,779	$53,900
Age of home				
New	24.0%	31.0%	36.5%	26.0%
Existing	76.0%	69.0%	63.5%	74.0%
25 or more years	38.0%	22.0%	23.4%	36.6%
Condominium buyers	4.0%	NA	5.3%	13.7%
Annual household income				
Less than $15,000	6.0%	18.0%	12.5%	5.8%
$15,000 to $24,999	54.0%	58.0%	40.1%	35.5%
$25,000 to $34,999	26.0%	17.0%	27.1%	30.8%
$35,000 or more	14.0%	7.0%	20.4%	27.8%
Median	$23,034	$20,742	$24,714	$27,597
Importance of second income*	54.5%	56.0%	50.4%	60.1%
Total monthly housing expense				
$300 or less	4.0%	26.0%	11.1%	6.1%
$301 to $600	84.0%	70.0%	63.6%	59.8%
More than $600	12.0%	4.0%	25.3%	34.1%
Median monthly housing expense				
Total	$470	$347	$470	$521
Mortgage payment	$320	$232	$345	$358
Real estate taxes	$ 55	$ 50	$ 40	$ 71
Utilities	$ 80	$ 51	$ 70	$ 80
Hazard insurance	$ 15	$ 14	$ 15	$ 12
Downpayment				
10% or less	10.0%	27.0%	20.1%	16.6%
20% or more	64.0%	66.0%	55.0%	62.0%
Median	$9,096	$7,425	$9,600	$11,943
Housing expense exceeding 25% of household income	44.0%	25.0%	40.8%	41.9%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Portland, Ore., home buyer

	PORTLAND HOME BUYERS		ALL MEDIUM-SIZE CITY HOME BUYERS	ALL WESTERN HOME BUYERS
CHARACTERISTIC	1979	1977	1979	1979
Borrower median age	31 yrs.	30 yrs.	33 yrs.	35 yrs.
Household size				
1 or 2	61.6%	41.1%	53.2%	54.1%
3 or more	38.4%	58.9%	46.7%	45.9%
Marital status				
Single	28.2%	21.0%	20.9%	25.5%
Married	71.8%	79.0%	79.1%	74.5%
First-time buyers	23.1%	44.4%	17.9%	14.9%
Purchase price				
Less than $30,000	0.9%	29.0%	10.7%	3.4%
$30,000 to $49,999	30.1%	54.8%	32.3%	16.1%
$50,000 to $79,999	49.1%	15.3%	38.7%	39.7%
$80,000 or more	19.9%	0.9%	18.3%	40.8%
Median	$58,500	$35,500	$54,000	$73,000
Age of home				
New	31.0%	16.9%	32.8%	28.8%
Existing	69.0%	83.1%	67.2%	71.2%
25 or more years	31.0%	36.3%	25.9%	25.7%
Condominium buyers	12.0%	NA	9.8%	16.5%
Annual household income				
Less than $15,000	2.8%	21.0%	7.6%	5.1%
$15,000 to $24,999	31.5%	47.6%	34.2%	22.6%
$25,000 to $34,999	37.5%	23.4%	30.4%	29.4%
$35,000 or more	28.2%	8.0%	27.8%	42.9%
Median	$28,798	$20,694	$27,310	$32,106
Importance of second income*	67.6%	47.6%	50.9%	55.0%
Total monthly housing expense				
$300 or less	0.5%	17.7%	6.7%	2.5%
$301 to $600	57.0%	80.6%	57.7%	33.8%
More than $600	42.6%	1.6%	35.5%	63.6%
Median monthly housing expense				
Total	$581	$376	$519	$676
Mortgage payment	$415	$240	$381	$533
Real estate taxes	$ 76	$ 56	$ 48	$ 65
Utilities	$ 78	$ 70	$ 75	$ 60
Hazard insurance	$ 12	$ 10	$ 15	$ 18
Downpayment				
10% or less	10.6%	27.4%	17.6%	13.9%
20% or more	59.3%	58.9%	54.6%	53.5%
Median	$12,071	$5,608	$10,507	$15,927
Housing expense exceeding 25% of household income	50.0%	35.0%	42.9%	54.2%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the St. Louis home buyer

CHARACTERISTIC	ST. LOUIS HOME BUYERS 1979	ST. LOUIS HOME BUYERS 1977	ALL LARGE CITY HOME BUYERS 1979	ALL NORTH CENTRAL HOME BUYERS 1979
Borrower median age	31 yrs.	30 yrs.	32 yrs.	31 yrs.
Household size				
1 or 2	50.9%	52.0%	52.8%	50.1%
3 or more	49.1%	48.0%	47.2%	49.9%
Marital status				
Single	25.3%	21.6%	26.1%	23.7%
Married	74.7%	78.4%	73.9%	76.3%
First-time buyers	20.7%	52.7%	18.5%	20.3%
Purchase price				
Less than $30,000	11.6%	28.0%	6.0%	9.9%
$30,000 to $49,999	28.0%	45.3%	20.5%	31.2%
$50,000 to $79,999	44.2%	19.3%	40.2%	41.6%
$80,000 or more	16.2%	7.4%	33.3%	17.3%
Median	$55,000	$37,000	$67,000	$55,000
Age of home				
New	21.4%	24.0%	26.6%	20.8%
Existing	78.6%	76.0%	73.4%	79.2%
25 or more years	28.1%	18.7%	30.5%	33.5%
Condominium buyers	2.1%	NA	14.7%	7.6%
Annual household income				
Less than $15,000	7.5%	18.7%	4.6%	7.0%
$15,000 to $24,999	36.8%	55.3%	27.2%	37.1%
$25,000 to $34,999	35.4%	18.7%	31.4%	33.4%
$35,000 or more	20.3%	7.3%	36.8%	22.4%
Median	$25,848	$20,130	$30,354	$26,499
Importance of second income*	57.3%	48.7%	57.8%	54.0%
Total monthly housing expense				
$300 or less	5.3%	31.3%	3.3%	5.6%
$301 to $600	61.0%	64.7%	41.9%	61.4%
More than $600	33.7%	4.0%	54.8%	33.0%
Median monthly housing expense				
Total	$502	$333	$617	$520
Mortgage payment	$355	$226	$452	$375
Real estate taxes	$ 49	$ 43	$ 72	$ 60
Utilities	$ 80	$ 51	$ 75	$ 70
Hazard insurance	$ 18	$ 13	$ 18	$ 15
Downpayment				
10% or less	9.8%	17.3%	15.3%	16.7%
20% or more	73.5%	68.7%	59.7%	57.8%
Median	$11,868	$7,500	$15,532	$11,578
Housing expense exceeding 25% of household income	47.0%	26.0%	49.8%	44.4%

*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.
Source: U.S. League of Savings Associations.

Profile of the San Francisco home buyer

CHARACTERISTIC	SAN FRANCISCO HOME BUYERS 1979	SAN FRANCISCO HOME BUYERS 1977	ALL LARGE CITY HOME BUYERS 1979	ALL WESTERN HOME BUYERS 1979
Borrower median age	37 yrs.	35 yrs.	32 yrs.	35 yrs.
Household size				
1 or 2	51.1%	45.2%	52.8%	54.1%
3 or more	48.9%	54.8%	47.2%	45.9%
Marital status				
Single	30.4%	25.6%	26.1%	25.5%
Married	69.6%	74.4%	73.9%	74.5%
First-time buyers	13.1%	25.6%	18.5%	14.9%
Purchase price				
Less than $30,000	0.5%	4.0%	6.0%	3.4%
$30,000 to $49,999	2.6%	15.2%	20.5%	16.1%
$50,000 to $79,999	31.4%	40.8%	40.2%	39.7%
$80,000 or more	65.5%	40.0%	33.3%	40.8%
Median	$90,000	$72,000	$67,000	$73,000
Age of home				
New	9.9%	16.7%	26.6%	28.8%
Existing	90.1%	83.3%	73.4%	71.2%
25 or more years	33.7%	37.2%	30.5%	25.7%
Condominium buyers	8.5%	NA	14.7%	16.5%
Annual household income				
Less than $15,000	1.7%	4.4%	4.6%	5.1%
$15,000 to $24,999	9.4%	24.0%	27.2%	22.6%
$25,000 to $34,999	24.7%	35.2%	31.4%	29.4%
$35,000 or more	64.2%	36.4%	36.8%	42.9%
Median	$40,000	$30,600	$30,354	$32,106
Importance of second income*	70.2%	44.4%	57.8%	55.0%
Total monthly housing expense				
$300 or less	0	0.8%	3.3%	2.5%
$301 to $600	8.3%	38.8%	41.9%	33.8%
More than $600	91.7%	60.4%	54.8%	63.6%
Median monthly housing expense				
Total	$925	$614	$617	$676
Mortgage payment	$697	$445	$452	$533
Real estate taxes	$ 89	$ 99	$ 72	$ 65
Utilities	$114	$ 50	$ 75	$ 60
Hazard insurance	$ 25	$ 20	$ 18	$ 18
Downpayment				
10% or less	8.3%	1.6%	15.3%	13.9%
20% or more	62.4%	98.0%	59.7%	53.5%
Median	$23,989	$15,500	$15,532	$15,927
Housing expense exceeding 25% of household income	62.0%	49.0%	49.8%	54.2%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.

Profile of the Washington, D.C., home buyer

CHARACTERISTIC	WASHINGTON HOME BUYERS		ALL LARGE CITY HOME BUYERS	ALL NORTHEASTERN HOME BUYERS
	1979	1977	1979	1979
Borrower median age	36 yrs.	34 yrs.	32 yrs.	32 yrs.
Household size				
1 or 2	56.4%	53.9%	52.8%	54.7%
3 or more	43.6%	46.1%	47.2%	45.3%
Marital status				
Single	40.8%	20.7%	26.1%	24.5%
Married	59.2%	79.3%	73.9%	75.5%
First-time buyers	19.6%	31.8%	18.5%	21.0%
Purchase price				
Less than $30,000	2.4%	1.8%	6.0%	11.6%
$30,000 to $49,999	18.2%	15.6%	20.5%	31.5%
$50,000 to $79,999	34.3%	50.0%	40.2%	37.6%
$80,000 or more	45.1%	32.6%	33.3%	19.3%
Median	$76,000	$68,000	$67,000	$53,900
Age of home				
New	40.2%	26.5%	26.6%	26.0%
Existing	59.8%	73.5%	73.4%	74.0%
25 or more years	21.2%	26.0%	30.5%	36.6%
Condominium buyers	45.3%	NA	14.7%	13.7%
Annual household income				
Less than $15,000	1.1%	2.6%	4.6%	5.8%
$15,000 to $24,999	14.6%	24.7%	27.2%	35.5%
$25,000 to $34,999	26.5%	30.5%	31.4%	30.8%
$35,000 or more	57.8%	42.2%	36.8%	27.8%
Median	$36,993	$32,718	$30,354	$27,597
Importance of second income*	62.8%	44.8%	57.8%	60.1%
Total monthly housing expense				
$300 or less	1.3%	1.9%	3.3%	6.1%
$301 to $600	25.7%	62.4%	41.9%	59.8%
More than $600	72.9%	35.7%	54.8%	34.1%
Median monthly housing expense				
Total	$752	$578	$617	$521
Mortgage payment	$548	$388	$452	$358
Real estate taxes	$ 88	$ 85	$ 72	$ 71
Utilities	$100	$ 91	$ 75	$ 80
Hazard insurance	$ 16	$ 14	$ 18	$ 12
Downpayment				
10% or less	20.1%	6.6%	15.3%	16.6%
20% or more	57.1%	86.8%	59.7%	62.0%
Median	$15,515	$17,500	$15,532	$11,943
Housing expense exceeding 25% of household income	51.2%	36.0%	49.8%	41.9%

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*Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

Source: U.S. League of Savings Associations.